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**CENTRAL EURASIA**

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# FBIS Report: Central Eurasia

FBIS-USR-94-121

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8 November 1994

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## POLITICAL AFFAIRS

### Factions' No-Confidence Vote Reasons Noted

954F0188A Moscow ROSSIYSKIYE VESTI in Russian  
26 Oct 94 p 1

[Commentary by Pavel Anokhin: "Government's Resignation May Explode the Situation"]

[FBIS Translated Text] It looks like the upcoming political week will pass under the banner of slugging it out between the State Duma and the Russian Government. As is known, on 27 October Prime Minister Viktor Chernomyrdin is expected to present to the deputies the final version of the draft budget of the Russian Federation for 1995. His report is directly tied to the vote of confidence in the Cabinet of Ministers—this issue is on the agenda of the Duma's plenary session.

The debates on professional competency of the government against the backdrop of "Black Tuesday" and a sharp jump of inflation, for which many blame Viktor Chernomyrdin personally, does not portend anything good for the ministers.

Complaints and accusations against the ministers are coming from the right and the left. Some want to change the economic course; others—form a more or less uniform Cabinet of Ministers. The paradox of the situation is that the opposition finds the current economic course overly revolutionary and ill-conceived, while the reformers, in turn, see the root of all trouble in the preponderance of communists in the government. Both agree, however, that everything is too vague and it is time for the Russian president to define where he stands.

"The situation in Russia currently may be characterized as a government crisis," members of the Liberal-Democratic Union of 12 December [LDS] deputy group write in their appeal to Russian President Boris Yeltsin. "The policy of a pseudocoalition government will inevitably result in a final disintegration of the state..."

The "Decembrists" are in a way seconded, albeit from different ideological positions and political goals, by Agrarian faction deputies, who note in their document: "...The policy of containing inflation by underfinancing the national economy, holding back wages, and nonpayment of government debts has brought not only catastrophic economic consequences, but has provoked a surge of inflation in the fourth quarter of 1994...."

As the communists' leader Gennadiy Zyuganov said, their faction will vote no-confidence in the government. The communists' leader is convinced that if the president's and the government's current course continues, there is no way the communists will participate in the government.

The Duma's Agrarian faction links its attitude to the government with the latter fulfilling the economic demands of the All-Russia Rural Assembly. Let us

remember that the State Duma recommended that in 1994 financing the Cabinet of Ministers provide for the APK [agro-industrial complex] from the federal budget "within the limit of appropriations envisaged by it."

The DPR [Democratic Party of Russia] faction also supports the efforts of the opposition, which puzzles some observers, because Nikolay Travkin is a minister in the current government.

Factions of democratic orientation also strive to coordinate their positions, first and foremost Russia's Choice, LDS 12 December, and Yabloko. Briefly it boils down to a willingness to form a "government of like-minded individuals drawn from representatives of democratic factions in the Duma capable of taking Russia out of the crisis." Nevertheless, this does not mean at all that Duma reformers will vote against the current government during the discussion of the confidence issue in the chamber.

"Of course, Viktor Chernomyrdin's government has to make corrections to its policy—financial, for instance," says Aleksandr Pochinok, deputy chairman of the Duma committee on budget, taxes, banks, and finance, expressing the Russia's Choice point of view, "but the government's resignation may cause the situation in Russia to explode. First, there is a danger that it will be replaced by communists; and second, there is no certainty that a new team will be better and more professional."

Head of the Yabloko faction Grigoriy Yavlinsky believes that when Duma deputies adopted the 1994 budget they were clearly aware that it could not be implemented and now they have to face the responsibility along with the government. "Everybody who voted for the budget," he emphasizes, "should now blame only themselves."

Judging by all signs, Viktor Chernomyrdin's government will be supported by the PRES [Party of Russian Unity and Accord] faction because of solidarity with their representatives Sergey Shakhrai and Aleksandr Shokhin.

The approximate distribution of forces on the eve of the confidence vote in the government indicates a no-win situation. The swing vote that will decide the outcome of the confrontation will come from Women of Russia and small political associations, for instance, republican party deputies. And their position will depend to a great extent, in the words of Stepan Sulakshin, one of the leaders of the Republican Party of the Russian Federation, on what program for getting out of the crisis the Cabinet of Ministers will propose. "If we do not sense the desire on the part of the government to correct the reform course that has not justified itself," he said, "we may vote no-confidence in the government."

Many observers believe, however, that the position of a number of deputies on the no-confidence vote in the government may be moderated by the prospect of Duma disbandment, which may follow after 12 December.

#### **With the Right and With the Left**

**This will be more or less the position of the New Regional Policy deputy group in voting on the question of confidence in the government. As its chairman, Vladimir Medvedev, said, the NRP will not vote as a bloc with any faction in the Duma on 27 October on the question of confidence in the cabinet of ministers.**

"Our position," emphasized Vladimir Medvedev, "is not to form a bloc with anyone, while at the same time interacting with all deputy associations—both the right and the left."

In the opinion of NRP members, the vote in the Duma on the subject of confidence in the government "does not make any sense at all." First, emphasized Vladimir Medvedev, it is necessary for the government to make public the draft budget for 1995, the new tax legislation and the medium-range economic program for 1995-1997. "Then we will see what the government offers," he emphasized, "and we will argue, insist on necessary changes in these documents in order to work out the economic course our voters need." In Vladimir Medvedev's opinion, not only the government but deputies also bear the responsibility for what is happening in the country. The NRP position once again shows that the "regionals" know the value of their vote and know how to demonstrate good sense and balanced approaches when needed. This inspires hope that they are aware of the import of their actions and will not allow the situation in Russia to destabilize by engaging in a gamble.

#### **No-Confidence Declarations Mobilize the Cabinet of Ministers**

Valentin Sergeyev, head of the Russian Federation Government's press service, in answering an INTERFAX question on the cabinet's reaction to the statements of a number of State Duma factions regarding their intention of voting no-confidence in the government, said: "Such declarations do not create any panic in the Cabinet of Ministers' work; on the contrary, they mobilize it to prepare more thoroughly for the State Duma meeting on 27 October."

In his words, all ministers will attend the meeting of the parliament's lower chamber on 27 October, where the draft budget for 1995 will be considered. "They are ready to support quite tough but necessary measures on economic stabilization and overcoming production decline, which are built into the budget," said the press service head.

"A 'tough' budget draft for 1995 means no less for the subsequent course of reforms than price liberalization did in the past: It is the core of the economic policy at the

new stage of transformations, and the Cabinet will not back off on this point," said Valentin Sergeyev.

#### **Gerashchenko Seen as Scapegoat for Incompetent Government**

**954F0151A Moscow OBUCHAYA GAZETA  
in Russian No 42, 21 Oct 94 p 7**

[Article by Anatoliy Kostyukov: "Banker for a Narrow Circle"]

[FBIS Translated Text] Evidently, Yeltsin and Chernomyrdin now have no problems finding bankers, since they have decided to part with Viktor Gerashchenko. Granted, it may be that Mr Gerashchenko, as his detractors claim, is not such a first-rate financial specialist. In Russia there is only one person for whom there is no alternative; the rest are replaceable. Remove Gerashchenko and appoint, say, Gaydar—what are the problems?

However, if you look at this event without commercial cynicism, Viktor Vladimirovich's departure is a great loss—possibly an irreplaceable one. The point is not what sort of head of the national bank he is—besides that, and possibly above all, he is interesting as a major artistic phenomenon and a cultural property of the republic. Gerashchenko has given regular observers of the historical play being acted out on the Kremlin stage a good many profound aesthetic experiences, experiences that I fear are unrepeatable.

Could Tikhonov, playing Khlestakov, have turned this provincial fop into Prince Bolkonskiy? Or could Mordukova have managed to turn Kabanikha into Sonechka Marmeladova? Artistic tasks on such a scale are impossible to accomplish. Yet Viktor Gerashchenko, by the way, managed to do it. Two years ago he was hastily placed in the role of a scapegoat, a job that carries little respect, which is not to say that it is a rare one (thank God, there are plenty of goats). But talent is a frightening force, and Gerashchenko made something impossible out of his role—by the end of the first act attentive spectators started to notice that, in that goat barn, that gentleman of a certain age in the heavy eyeglasses that everyone was tweaking and kicking was, perhaps, a most decent person. Within the limits of the realistic method, such reincarnations are more than a creative success.

The performer, one might say, fooled the directors, although their choice proved to be a flawless one. Gerashchenko was thrown into Russian finances in September 1992 at the most dramatic moment of economic liberalization. It was a time in which the economy, which was being treated by shock therapy, was being done in by the nonpayments crisis and was getting ready to expire. The reform of banking carried out by Mr Matyukhin had also reached a certain limit; all settlement transactions had been jammed; multibillion-ruble monetary transfers had been wandering about for

months, no one knew where; and "Chechen advices" had become the most popular payment document. In that grave hour for democracy, someone smart advised the president to immediately call on the old bureaucrat Gerashchenko; let him "clean up after the boys," and afterwards, if something happened, he could be blamed for curtailing reforms.

Mr Gerashchenko had all the requirements, including physical ones, for that role. A typical rayon consumers' society chief bookkeeper (it is strange that he does not wear satin cuffs—they would suit him), one could tell by looking at him from behind that he was a slave to routine, a member of the nomenklatura, a foe of change. When he was set next to the inspired young progressives from the Gaydar team (at this time Chernomyrdin was still hanging around behind the scenes), even a blind person could note that this character had intruded there by chance, and not for long.

The most important thing is that Viktor Vladimirovich, while still serving as chairman of the USSR State Bank, had manifested a very valuable quality: he could readily endure offenses. Back then he would be berated by the Union deputies: either he was keeping the size of gold reserves secret, was refusing to explain the origin of two secret accounts, or had arranged the scandalous exchange of 50- and 100-ruble notes. Roundly attacked, the banker would maintain a gloomy silence, neither trying to make excuses nor snitching on his "partners in crime." This infuriated his critics, who reached the point of screaming, stomping their feet and biting the microphones, but the old bureaucrat was impenetrable.

In short, an ideal figure to sacrifice.

The new head of the Central Bank of Russia had just begun to "clean up after the boys" when it was learned that he had already thwarted financial stabilization. It turned out that he had, acting on his own arbitrary authority, handed out an incredible number of loans to enterprises, which had brought the economy to the brink of hyperinflation and turned the International Monetary Fund away from Russia. Worse than that, Gerashchenko had secretly issued a huge number of facilitative credits to the countries of the near abroad. From that time on the "reformer ministers" considered it their official duty to "run over" the head banker at least once a week, and for Boris Fedorov the denunciation of Gerashchenko's machinations seemingly became his life's work. (If Fedorov had been awakened in the middle of the night and asked who killed Patrice Lamumba, he would have said, without blinking an eye: Gerashchenko).

Once the head of the Central Bank even enraged Yeltsin. That was on the eve of the fateful April referendum—it turned out that the Central Bank had delayed payment for the president's propaganda promises, and the latter publicly threatened, for all the country to hear: "Remember, Mr Gerashchenko, that 26 April will come."

The people had long been unable to comprehend why that wrecker had been tolerated, and they were awaiting

26 April with joyous anticipation. However, the president displayed a strange softness, which soon resulted in another adventure. In July Gerashchenko, once again on his own authority, organized an exchange of money. The minister of finance was in the States and knew nothing, the president had not heard a word of it, and the prime minister seemingly knew about it, but only vaguely. The public was in shock: why was Gerashchenko still not in prison? How much could be endured??

It took the exchange scandal of 11 October before the president decided to show Mr Gerashchenko "26 April." Why, one wonders, had he been put up with so long? Is it that hard to find a competent banker?

A banker, perhaps, is not so hard to find. But what is needed is not a banker but a whipping boy. And not everyone has the mental and physical strength for that job. If a weak-nerved, morbidly proud person had been in Gerashchenko's shoes, he would have long since exploded: "Quit lying, fellows. I'm sick of it! Otherwise, I'll expose you all and send you to the devil!" And he would have, the scoundrel. The autumn credits of 1992? Here are the documents: the credits were allocated by a decision of the "reform government." As those that went to the CIS countries were formally called for in intergovernmental agreements. What sort of "arbitrary action by Gerashchenko" is there here? The exchange of money? Well, that is quite funny. The only place you could claim that it was done on the sole initiative of the chairman of the Central Bank is in the Kashchenko Hospital—maybe people there would believe you. The October collapse of the ruble still needs to be sorted out. It is true that in any civilized market country the national bank bears primary responsibility for the stability of the national currency. But in civilized countries the bank is independent of the government, while in Russia it spent only a few months in freedom, after which it was returned to the bosom of the executive branch and the chairman of the Central Bank was placed on the cabinet of ministers. Moreover, the people who insisted on that in March of last year and the people who are now charging Gerashchenko with having a secret pact with the government are one and the same people.

Viktor Vladimirovich, however, has not made a single attempt to publicly execute his foes, although journalists have repeatedly urged him: why do you remain silent? Cut them up as you should! Nor has there been a single case in which he asked anyone to defend his honor and dignity. He acted in a more talented fashion: having accepted rules of the game that were extremely disadvantageous for himself, he went and outplayed everyone else. By forgiving his offenders their petty lies and not lowering himself to engage in domestic brawls, he set an example of dignified conduct for a society that had started to forget about decency, and showed it an image of a "nobleman burgher." His sharp-tongued detractors, who are seemingly also people of some standing—learned, decent looking, well-dressed, and knowledgeable about all the terms—nonetheless, do not possess the same caliber of character.

Well, that is understandable: some of them aspire to be president, some to be premier, and some to be party leaders; they need the sympathy of the public at large, and therefore they are in a hurry to make an impact and show their young teeth, spend a lot of time hovering around in front of the mirror, make a lot of noise, and push and shove. And what does the person who "doesn't need to go anywhere" require? For him, the recognition of a narrow circle of professionals is sufficient. In that circle there are no simpletons, and you won't captivate anyone with a "soap opera." Therefore, Gerashchenko's style is elitist, for aesthetes. But since the reigning tastes are crude, his creative age could not last for long.

### **Prospects for Business Elite To Gain Political Power Viewed**

*954F0177A Moscow KURANTY in Russian  
14 Oct 94 p 4*

[Article prepared by Yelena Vishnevskaya: "Will Businessmen Take Political Power?"]

[FBIS Translated Text] There are getting to be ever more rich people in Russia. And very rich. Those whose personal assets are comparable to the cost of certain factories. And, actually, it is they who own them—factories and ships... And we, who are the common, non-rich citizens of our country, work at these enterprises of theirs, take our money to their banks, and buy goods in their stores. Some of us are annoyed by this wealth, some it does not bother at all. Still others believe that, having become satiated with the power of money, our millionaires will want political power. And they will seize it, buying for themselves places in the government, using their money to win elections to parliament, taking control of the organs of local administration, and creating their own parties. And then... And what then, specifically? But do they, our "new rich," themselves want this political power which is visible to all and cursed by all? And what will they do with it, if they get director's chairs not in their own AO [joint-stock companies] and concerns, banks and exchanges, but in the government, the parties and parliament?

Specialists from two Moscow scientific institutions—the RAN [Russian Academy of Sciences] Institute on Problems of Employment and Institute of Sociology, tried to answer these questions by conducting a poll among these same businessmen, as well as among the most prominent and respected political scientists, economists, sociologists and psychologists. The purpose of the survey, which was conducted under the direction of Candidate in Philosophical Sciences Liliya Babayeva and Candidate in Psychological Sciences Alla Chirikova, was to determine what this group—the business elite—actually is, how these "new rich" of ours see themselves, and what their influence is on society, and, in fact, will the businessmen take political power?

### **One Who Is Unsuccessful in Business Goes Into Politics**

Many of the recent events—the endless delays with adoption of laws vital to the economy, the actual alienation of private businessmen from participation in the Presidential Council on Entrepreneurship and their replacement with "red directors" and grey bureaucrats, and the simply criminal business stories—give reason to believe that the large-scale entrepreneur cannot do without politics today. Especially since people who are sensitive to the situation, who know how to find profit in it and who strive toward leadership, engage in large-scale business. Also, the conflict of entrepreneurs with the state and the political-administrative elite which speaks out in its name stimulates the rapid politicization of business. Special studies have also confirmed this fact. Thus, the survey conducted by the RAN Institute of Sociology showed that only 38 percent of the entrepreneurs believe that they must engage solely in economic activity, while 44 percent were convinced that they must also fulfill political functions.

But this, as they say, is in theory, for business in general. As for their position in political life, most of the representatives of the business elite evaluate it rather humbly, to say the least. Moreover, a major portion of them is convinced that the value of political activity for businessmen is the result of lack of business success or the need to achieve its goals by other means.

"They go into politics not because they are concerned about the state of business in society as a whole," states Arkadiy Zlochevskiy, the head of the firm "OGO." "Here, selfish interests play a role. If a businessman goes into politics, he wants to get something out of it. If he is a competent businessman, he will achieve what he wants there. If he is incompetent—then nothing beckons him there. Our businessmen go into politics to make a name for themselves. In politics they can oppose, and by that alone make a name for themselves. In business it is impossible to oppose. In business, in order to make a name for oneself, it is necessary to engage in business."

And so, does this mean that business leaders are not oriented toward political activity? Not entirely. Rather, such an attitude toward politics testifies, as sociologists and psychologists believe, to the readiness to engage not in political activity itself, but in lobbying for their own interests.

Therefore, it is unlikely that we may expect an inclusion in political activity from businessmen who are engaged in real business, and moreover that they will be retained for any length of time in the role of leaders of political movements. A different turn is more probable, under which the leader of a political movement of businessmen may become someone who does not engage in real business, but who represents this activity from within. However, there is one other instance, a psychological one, which cannot be overlooked.

Scientists distinguish, on one hand, the psychological readiness for political activity as the readiness to familiarize oneself with a new reality and to consider all its variants, and on the other—the capacity to implement political activity for a long time, to be interested in its results. It is specifically here that the main psychological difference occurs, which is not easy for the businessman, even one who has decided to engage in politics, to overcome.

This difference between the world of business and the world of politics was noted by Irina Khakamada: "The world of politics in Russia opposes the world of private business, to my great surprise and regret. Entrepreneurs nevertheless live by the laws, while politicians cleverly manipulate their own conception to please public opinion, as well as the capacities for changing over from one political party to another. I feel more comfortable among the entrepreneurial elite. Everyone who actually engages in business and who has achieved success had equal starting opportunities and at the same time entered into the elite. Among them there is no lobbying or shadow hierarchy. Entrepreneurs in their circle are more democratic and open to socialization. The sources of their means and the methods of obtaining profits are closed, but in everything else they are accessible. The political elite, on the other hand, is formulated from rather variegated elements who have come at different times and who use absolutely different relations. And today this elite is not the new democratic elite. Unfortunately, its roots go back to the former state nomenklatura. It is from the past, and that is why I feel out of place there. There is no democracy there, communication is difficult, and there is much snobbism. It is difficult to hold one's back straight there..."

#### In Politics They Serve, in Business They Live?

And so, the transition from one "life space" to another is very complex. Why? Primarily because Russian businessmen do not simply work. They live in business, which is generally very characteristic of the Russian mentality. Gradually, life in business is giving rise to its own standards, values, habits, ideals, and preferences, among which an important role belongs to natural behavior, internal comfort, and self respect. In making the transition to the political "areal" of life, the formulated invisible standards and values require transformation or even change. All that they believed best in themselves fades into the background for a certain time, and is not needed. Not everyone is capable of withstanding this complex internal transition, and most importantly, of seeing meaning for oneself in it. That is why businessmen believe that it is easier to look into politics than to remain in it.

This phenomenon of re-orientation of meanings, which is observed during a change in professional niches (and politics is a special professional niche) might be eased if the political movement in Russia on the whole enjoyed authority among the business elite.

But no, for now, alas, it does not enjoy this authority. Businessmen are inclined to orient themselves not toward political parties, but toward political leaders. In response to the question about which of the political parties in Russia seem to him to be the most promising and the most effective for resolving the difficult Russian situation, Konstantin Borovoy, the leader of the Party of Economic Freedom, responded to researchers from the Institute of Sociology: "I would certainly not associate this with political parties. Only with leaders, individuals. The example of Shakhray and Yavlinskiy shows how quickly they can unite any political forces..."

The low rating of political parties, the lack of clarity in their intentions, the similarity of their programs, have led to the situation whereby two-thirds of all the leading businessmen of Russia surveyed note the impossibility of a serious attitude toward political parties in Russia. "These are not parties, but shuffles!", exclaimed one of the business. "These midget parties, of which there is a great multitude now, evoke in me nothing but laughter...", says another, the president of a major firm. "These discussions about parties are not serious at the present time... Many have called me with offers of participation. I ask them right away: 'And who is in your company?'. The main thing is not what, but with whom you have dealings! And they leave me alone right away. I would participate in a party, but the people have to appeal to me...", believes another well-known Russian businessman.

#### Businessman—This Is a Profession, but Politics—a Hobby?

There is one other reason for which businessmen, even if they do not shun political activity, generally also do not strive toward it. This is the constant need of the political leader to be in view, to socialize with those who are not like him, but opponents, and to speak publicly. Business itself requires such tension of internal effort and need to act under conditions of risk that it engenders in business leaders a certain attitude toward "minimalization of effort," associated with the need for teaching and explaining something to others. "I prefer to work with professionals, to whom it is not necessary to explain primitive things... I get very tired of this. I prefer to be understood quickly, and I want the task to be realized quickly...", pondered one of the representatives of the leaders of business. "I have evidently lost my communicative powers and would not like to be the leader of a political party. I want to socialize with people who understand me, with a rather narrow circle. The leader of a party is like the director of a plant. He has to explain many things and convince many people... For me this is difficult...", another agreed with him.

And so, the researchers are convinced of the fact that the Napoleon complex and initial individualism hinder the business elite from making a breakthrough into the political space of Russia. Moreover, a political party uniformly represented by businessmen would hardly be promising

**for Russia. Most likely, we should expect that a party will emerge in which the interests of the power and business elite will be united. In spite of all the differences in formation of these elites, their future goals in politics are similar. And "stepping outside the circle" will begin, evidently, with the business elite. Especially since 60 percent of the leading businessmen of Russia surveyed by sociologists believe that even the very formulation of a business class, not to mention the growth of its political influence, is possible only if the business elite makes a "landing" on the power elite. One always wants to shorten the long road to success. Even if this road leads to success in politics...**

### **Editorial Calls for Chernomyrdin Dismissal**

*954F0163A Moscow NEZAVISIMAYA GAZETA  
in Russian 20 Oct 94 p 1*

[Article by Vitaliy Tretyakov: "Sooner or Later—New Kremlin Policy Will Require a New Head of Government"]

[FBIS Translated Text] There can be no doubt but that the country is taking a turn towards governmental crisis. This had to happen sooner or later, for things have come to a head (even if we disregard the main events of 1993) from the December elections and political framework that has taken shape as a result.

You may consider the Gaydar reforms good or bad, but you cannot deny one thing—in the first stage they were indeed reforms. The Chernomyrdin government has been conducting no reformist policy whatsoever. It has accomplished three tasks:

1) introduced market relations more or less, but without the Gaydar extremes;

2) patched up the country's economy as necessary to avoid its utter collapse;

3) sought the miraculous medicine that would "make dreams come true" in an instant (for example, it suppressed inflation in actuality, though more so on paper).

All three tasks were accomplished in so-so fashion, good to some extent and bad to some extent. In short, success was achieved in stabilizing the economic stagnation, but there was no luck in finding a medicine—they were unable to radically improve the situation.

But the Chernomyrdin government is only half his government. The enforcement ministries, Ministry of Foreign Affairs, and other significant departments belong in fact to the president. And indeed, in the sphere of economics, the president's apparatus has often seized the initiative from the current White House.

In short, by autumn of 1994 we saw the arrival of what we tried to avoid—including through dynamic political decisions—in autumn of 1993.

Meanwhile, 1996 is approaching, or more accurately—the time for determining a resolution to the matter of presidential elections. It is quite clear that the voters will not be presented with any kind of economic or financial successes. So it will be necessary one way or another to take political steps, among which resignation of the government, or the prime minister, appears most popular. But if this is done too late—the voters will not comprehend why it took so long. In addition, we do indeed have to survive to 1996.

The current government, which presidential propagandists have wisely but without foundation termed a coalition government, can hardly be expected to succeed. Especially in view of the criticism coming from radical elements of both sides.

All the same, it is in the interest of Yeltsin to delay the resignation of Chernomyrdin or the government overall at least until next spring. From all appearances however, he will not succeed in this.

First of all, it is becoming increasingly difficult to hide all the obvious failures and call black white.

Secondly, members of the Cabinet themselves, sensing the impending end, are becoming more and more involved not in the miserable Russian economy, but in matters concerning their own future, causing rivals to be envious.

Thirdly, the political and economic ground disappearing from under the president's feet is forcing him, with some assistance from his surroundings, to conduct an urgent search for "guilty parties" and at the same time find some new political support. In the opinion of many high officials, the president has lately been conducting himself so improperly with his subordinates that even the people most dedicated to him are deciding to take steps they had not considered before. A number of officials in the president's administration are only looking for an excuse to flee the Kremlin, desiring to make their escape least noticeable.

Fourthly, we know for certain that Viktor Chernomyrdin himself is ready to resign at any moment. He is even trying to find good positions for the most loyal members of his apparatus who do not intend to follow him to Gazprom. Of course, Chernomyrdin would not like the president to dismiss him, especially in the coarse manner that has usually been the case in recent times. Thus, the story concerning the statement of resignation is more likely than not—true. It is another matter that the letter was apparently written in a fit of anger, judging from the nature of his latest contacts with the president. Later, under the influence of someone or something, Chernomyrdin took it back.

Of course, the version of "disinfo" being launched from the anti-Chernomyrdin party in Yeltsin's circle is no less likely.

But in any case, the outcome is the same.

The almost coincident murder of MOSKOVSKIY KOMSOMOLETS journalist Dmitriy Kholodov—provided the deed was not purely criminally motivated—squarely hits Pavel Grachev, whose influence in the presidential administration is also increasingly on the decline. This is actually a blow not to Yeltsin's economic cabinet, but to his political one, in the final analysis one more step in the struggle for influence on the president.

Why is it necessary today to exert influence on Yeltsin? Because the course of political strategy of the president and everyone connected with him is changing. At first they were struggling for power, then—for power and a little bit of reform, later on—for the retention of power. But now they are struggling to remain in power if only to 1996, and themselves determine the successor to the president. The stakes are too high—not careers, but rather money and lives.

And so, now the president needs (or will soon need) a transition cabinet, until the decisive skirmish takes place in 1996. Chernomyrdin is no longer suitable for this purpose, and indeed—does not desire to be suitable for it.

What are the alternatives? There are many, generally speaking, but Yeltsin has little opportunity for maneuver.

Acting Prime Minister Oleg Soskovets—temporary postponement of a decision.

Prime Minister—Oleg Lobov (good for the president personally, but he will entirely alienate Radical-Democrats).

Prime Minister—Yuriy Skokov (will alienate Radical-Democrats; unacceptable to Skokov himself, for he well knows Yeltsin during desperate moments).

Prime Minister—Yuriy Luzhkov (many in the presidential circle envious of him, the problem of who will remain "in Moscow," dissatisfaction of the local elite; but Democrats will tolerate him, except for the most stubborn ones).

Prime Minister—Gennadiy Burbulis (actually the best alternative for Yeltsin, but unrealizable when you consider the president's past habits).

Prime Minister—Yegor Gaydar (excellent for the West, repulsive to the Duma and apparatus, no need as yet to count the voters).

Prime Minister—Vladimir Shumeyko (suitable with respect to all parameters and will undoubtedly be ready, but who then will oversee the Council of the Federation?)

And so we tally the results. A shuffling or resignation of the Cabinet can be postponed, but not for long. It would be good to retain Viktor Chernomyrdin, but this will hardly be possible. Consequently, a new, absolutely

obedient, or at least absolutely outwardly loyal prime minister, will be required. Ready to tighten the screws. A market person, but not a Democrat.

There are such individuals in the above list. And Viktor Chernomyrdin is one, but he has already done his work for Yeltsin. Amen.

P.S. They say the president has rejected any possibility of Chernomyrdin resigning. And Mr. Kostikov and others in this entourage have not yet been discharged. So what? What now is their significance in the eyes of the political elite? Whatever. Amen.

#### Russia's Choice Suzdal Congress Reviewed

9540099A Moscow OBUCHAYA GAZETA in Russian  
No 41, 14 Oct 94 p 8

[Article by Andrey Zhukov and Nikolay Troitskiy: "The Cat Will Not Be Shaken Out of the Bag Until the Spring"]

[FBIS Translated Text] Last weekend the second congress of the Russia's Choice movement was held in Suzdal. A total of 202 delegates from 68 regions made amendments to the rules, elected a new leadership, and enacted a resolution concerning the necessity to unite all the democratic forces "in the face of the consolidation of an irreconcilable opposition," as well as a message to closely related organizations, proposing the holding of a Congress of Democratic Forces in the spring of 1995 and the nomination of a single presidential candidate. Putting it succinctly, they engaged in a depressing organizational meeting.

But behind the facade of that routine measure, passions were raging. The fact of the matter is that, after the creation in June of this year of the Russia's Democratic Choice party, the movement with the same name [Russia's Choice] proved to be decapitated—all its leaders had either made their way into party structures, or had left the scene. However, regional organizations remained, as did the "massovka" [mass movement] that has to live and fight somehow.

On the eve of the congress there existed two concepts for the movement's future development. The first concept was supported by Yegor Gaydar, with his comrades in arms from DVR [Russia's Democratic Choice]; the party and the movement are the "two hands" of a single democratic body. The movement must become an "organization of citizens who are faithful to the ideals of freedom and democracy," who are not bound by any rigid party discipline, but who serve on, the common party cause. The other concept was advanced by many activists from the "lower depths." According to this concept, Russia's Choice is an independent political organization on the base of which other democrats, including Gaydar's party members, consolidate themselves.

In order to implement this last premise, the movement needs at least one eminent politician who is capable of becoming the leader. A person like that arrived in Suzdal—Boris Fedorov, former minister of finance, one of the movement's founders, and currently the head of a small faction in the Duma, called the Liberal-Democratic Union. He gave a brilliant speech in which he called upon the members of Russia's Choice to change over to opposition against the president and the "Communist government" and to fight for victory, without being concerned about the political interests of the present boss in the Kremlin. But if the democrats continue to behave "like stockholders of the MMM AO [joint-stock company], who have been continuously deceived, but who continue to demonstrate in support of those who have deceived them," then, in Fedorov's opinion, they "will always be the scapegoats" and will become "borderline politicians." Boris Grigoryevich agreed to become part of the movement leadership if it changes its name.

After Fedorov, Yegor Gaydar immediately dashed to the rostrum, in order to give his rebuke. The essence of his speech can be summarized as follows: "Boris, you are wrong. I constantly issue the appeal for the consolidation of the democratic forces, but your vanities prevent us from consolidating." However, Fedorov did not hear what Gaydar said, because he had ostentatiously left the auditorium. Thus, the Suzdal congress once again revealed the chief obstacle on the path of consolidating the Russian liberals: the lack of ideological differences of opinion among the main reformers is more than adequately compensated for by the personal incompatibility of the leaders, each of whom, while appealing for consolidation, is ready to consolidate all those who share his views only around himself personally.

The person who won in Suzdal was Gaydar. The delegates did not want to rename the movement. Fedorov left with nothing, and the persons who were elected to the movement's political council were faithful Gaydar followers (Bela Denisenko, Pavel Medvedev, etc.), slightly diluted by a few relatively unknown democrats from the outlying areas. The cochairmen stated at the concluding press conference that the movement will become an independent organization, a completely equal partner of the party with the same name. True, those declarations do not agree well with the objective facts: the movement does not have its own sponsors (the Suzdal measure was financed by Mr. Boyko, chairman of the DVR executive committee and president of the Natsionalny Kredit [National Credit] Bank), and, out of 15 political council members, ten combine their new duties with positions in the managerial agencies of the Gaydar party.

But the most important thing is that the congress failed to reply to a question that is a crucial one for any coalition: who is the lucky individual who will become the sole candidate for the presidential position? Officially the congress participants, with the exception of

Boris Fedorov, avoided even any mention of the current president. Although Boris Nikolayevich recently expressed, once again, his readiness to consolidate the democratic forces around himself, and Yegor Timurovich had approved his intentions and had even welcomed nominating Yeltsin for a second term, the Suzdal speakers ignored that question, but in the lobby the delegates rated the latest actions of the head of state in sharply negative, if not unprintable, terms.

Valeriy Davydov, the movement's new cochairman, told an OBSHCHAYA GAZETA commentator that most of the rank and file Russia's Choice members object categorically to Yeltsin's candidacy: "His escapades are too expensive for us." In Davydov's opinion, "under conditions of the real-life Russian situation, a new popular president can be found and educated in a short period of time, and this is simpler than using worn-out figures." Simultaneously, informed sources from the leadership of the DVR party reported to an OBSHCHAYA GAZETA commentator that the leaders allegedly had already come to an understanding concerning the new candidate, but they were keeping it a strict secret, basically, from those surrounding the president; that Gaydar was planning a major shifting of the party and the movement to the democratic opposition, but for the time being he was supporting Yeltsin for tactical reasons, not wishing to deliver a premature strike at the Kremlin; and that the "time for decisive actions" would come in the spring, when the propaganda "unwrapping" of the currently secret candidate will begin.

In that instance the chief test of the strength of the bonds unifying the members of Russia's Choice lies ahead, because the secretly coordinated identity of the nominee may prove to be too big a surprise not only for the voters, but also for the members of both Russia's Choices.

Properly speaking, the surprises have already begun: the participants in the Suzdal congress did not include the leaders of Democratic Russia, an organization that had acted as the founder of Choice and that had provided that movement with a mass base. Moreover, on this same weekend the members of Democratic Russia had held their own alternative measure—the founding conference of the DemRossiya [Democratic Russia] Federal Party, from which it follows that they no longer have any intentions of dealing with anyone from the Choices.

The newborn party, which is headed by Galina Starovoitova and Lev Ponomarev, made a statement about itself in a political manifesto which is lexically and intonationally extremely close to the declarations of the rigid antipresidential opposition. In the very first paragraph, the renovated DemRossiya members firmly stated that the "year of the omnipotence of the 'vertical line of the executive' has not led to an acceleration of the economic or political reforms, or to the development of forms of modern democracy." Furthermore: the "hypocritical appeasement" within the framework of the Public Assent Treaty has meant only the consolidation of

the reformer and conservative wings of the *nomenklatura* elite. That consolidation has become the beginning of the conversion of the existing neo-*nomenklatura* regime into a repressive one." About the president, who quite recently was deified by the members of DemRossiya, it is now said that he "is becoming a cover for a regime that is destroying the last gains of the 1988-1993 democratic movement."

In preparing for the next presidential election, the founders of the new party assume that "Boris Yeltsin's candidacy can also be considered," but no more than that. In other words, the support of today's Yeltsin is not to the liking of the DemRossiya activists even as a tactical move, and this has separated them from Gaydar's loyal supporters. Possibly only until the spring, or maybe even until the election.

### Consideration of Constitutional Monarchy Rumored

954F01694 Moscow NOVAYA YEZHEDNEVNAYA GAZETA in Russian 25 Oct 94 p 2

[Article by Yelena Afanasyeva: "If We Say, 'Long Live the King'. Then Does That Mean the King Is Dead?"]

[FBIS Translated Text] For several weeks in a row, rumors have persistently been leaking out from the governmental structures: The variant of a constitutional monarchy is being seriously considered.

In other words, to put Georgiy (or someone else) on the throne, Yeltsin (or someone else?)—as regent for life. Having heard this for about the first five times, I (like any post-Soviet person) dismissed it.

Yet the rumors grew, and in the Sunday "Itogi" on NTV channel they spilled out into the open, emphasized by the statement of rather singular meaning made by Vladimir Shumeyko to the effect that the visit by the Queen of Great Britain showed the Russian people the advantages of a constitutional monarchy. (I am recounting the essence word for word. I did not have time to write it down, since I was stunned by the unexpectedness of it).

On Monday the rumors broke through all the backstage cordons, and the word "monarchy" resounded in all the corridors of power. Although, in private conversations, for now. And it was reminiscent of sayings which are familiar to all of us.

The first saying: "The king is dead! Long live the king!" If this rule is beginning to operate in reverse order and the persons close to the current ruler are beginning to call for a new official ruler, does this mean that the current king is already dead, at least in a political sense?

The second saying: "The king is played by the retinue." The king's retinue may change, the president may remove those close to him, as has been the case constantly since 1990, but not one retinue can hold on

without its king. And every retinue seeks means of prolonging the political longevity of its ruler, and consequently also its life in power.

In the current Russian variant, this means the re-election of the president for a second, already indeterminate, term. It was for this purpose that the statute contained in the law on elections of the president, and specifically the 65-year age limit of the president, disappeared from the new constitution.

The first obstacle had been removed. But others proved to be much more difficult to overcome. With every passing month, the retinue is less and less confident of the re-election of its most august personage. The confident, "And who, if not he!", which resounded a year ago, has been replaced by a confused, "And then who?", which presupposes, "And what about us?" The fear was intensified in the last week by the indicative departure from Yeltsin of his last fervent supporters from among the community and the mass media, but not from his organizational structure. The dispiriting words of Yelena Bonner in Friday's PODROBNOSTI, the open letter of Pavel Gusev in Saturday's MK, the changed tone of the always pro-presidential "Vesti" on RTV... The last ones are leaving, the ones who were once devoted not by necessity, not by convenience, but by the will of the heart. They are leaving... And such a loud signal of the unfavorable outcome of the possible elections cannot help but be heard in the ruling structures. The retinue is in terror...

If the elections cannot be won, then they must not be allowed. And public opinion must gradually be trained to this. Shumeyko began first, and for half a year now has been methodically preparing us for the fact that the powers and authorities would be extended, that the elections will not take place—we do not want them, after all, it is cheaper for us! This variant is more passable, with difficulty, but it is possible to pull some legality over it—the constitution should first be adjusted. If this one does not pass, then there is one in reserve, maybe because of its seeming absurdity: A monarchy, although a constitutional monarchy, with the regency of those who currently hold power. And so, there will be no re-elections for you, not in 1996 and not later.

Russian proponents of a monarchy who are not from the president's encirclement, members of monarchist societies, affirm that supposedly secret negotiations have been going on with them for some time. For the present, their approaches differ.

There are more precedents than one can count. There is the young Georgiy, constantly travelling throughout Russia in the accompaniment of his mother, his grandmother and the mayors of both capitals, and the descendants of Anastasia who was supposedly not killed, and either the nephew, or godson, or father of the son-in-law, or brother of the last tsar, loudly promising to produce documental proof of his specific right to the throne.

One of the monarchist factions is considering the idea of starting a new dynasty and electing the new sovereign by the Pomestny Sobor [council of gentry], as was the case with Mikhail Romanov. Except that it is not specified who will select the electors. Perhaps we should rename the Federation Council headed by Shumeyko and controlled by him as the Pomestny Sobor? And another question—will the regency also be handed down by inheritance? And will the regent Boris I be followed by Boris II?

### Zhirinovskiy Article Confirms Suspicions of LDPR, KGB Cooperation

954F0171A Moscow MOSKOVSKIY KOMSOMOLETS in Russian 11 Oct 94 pp 1,2

[Article by V. Zhirinovskiy: "From Andropov to Solzhenitsyn and Back in a Car Paid for by the BBC," with introduction and commentary by Aleksandr Minkin]

[FBIS Translated Text] The article by Zhirinovskiy was received by MOSKOVSKIY KOMSOMOLETS. It was handed over to me: "Write a commentary, and we will print it."

I took it with anticipation of such amusing things, that I would be ashamed to comment on them. After all, commenting on Zhirinovskiy is like explaining an anecdote. You will just ruin it. He in himself is so funny, that he must be served up exclusively in his own juice. (This is what he says in his brochure, "Last Thrust at the South": "This is the juice of my brain." If a man has a leak in his brain, why comment on him?)

I began to read, and was stunned: Before me was an intelligent, coherent text, to which one could not find objection.

And there was the distinct feeling: It was not Zhirinovskiy who wrote this. From the very first irrefutable literary phrase—it was not he!

The style is the man. The manner of expressing oneself is so individualistic, like a personality, a voice... Some like Zhirinovskiy, some do not. But, there is no doubt that he is a clear individuality. He cannot be confused with anyone.

His speech is always hysterical. He jumps from one thing to another. It is coarse, full of impudence and self-love, and moreover—absolutely illogical. (He begins a phrase on the need to eliminate the column marked, "nationality," in the passport, and concludes this intelligent passage by saying that "registration is still needed" to combat the onslaught of southerners to Russia; "They have already crawled past the Urals, like fly agarics, like cockroaches.")

So that, in reading this logic, this clear article which contains some rather interesting observations, one cannot help but note: It was not Zhirinovskiy who wrote it. And

this is not said in reproach of him. On the contrary, all major politicians have speech writers. And the smarter the leader—the better the pens he selects for himself. Leaders do not have time to think, they have many more important things to do. Meanwhile, the speech writers sit at quiet dachas [summer cottages] and compose: What to say, how to say it, to whom and when.

[Signed]—Aleksandr Minkin

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*"In two years, they will not produce any new candidates for president, provided they do not import them..."* (From the speech by one of the leaders of the Liberal-Democratic Party of Russia at the working meeting.)

Among the events of this year, one has slipped by unnoticed, without attracting any attention. In July, it was 80 years since the day of birth of Yuriy Vladimirovich Andropov—the former head of the former Soviet State and long-time chief of the former KGB [Committee for State Security]. I did not know Andropov personally. I saw him, like all the other citizens (with rare exception) only on the television screen. Therefore, there can be no sensational memoir recollections on my part (I will leave them to Volskiy, Gorbachev and Arbatov). To me, Andropov is interesting from the political point of view because, without understanding even a little bit about his affairs, one cannot understand the logic of events of 1985-1994.

There can be different kinds of power. In my understanding, a person in politics may possess four powers: Formal power (occupying a certain position), real power (degree of subordination of certain structures and influence on decision-making), intellectual power (mental capacities), and the power of authority (popularity).

Almost no politician has ever possessed and does not possess all four powers at the same time. Not in our country, and not abroad. As a rule, if he has one power, say formal, he does not have another—real. Stalin, evidently, possessed three of the four powers (real, formal and authority, but about intellectual power there is some doubt. Rather, the animalistic sense toward people prevailed in him, he held to his intuition). Brezhnev had one point out of the four (formal power). Gorbachev fought for 6 years for real power, for authority, aspired to the role of an intellectual, and was not successful in any one of the directions. Czar Nicholas, out of these four positions, perhaps had certain weight on two of them. Yet there was a man in history—a rare case—who got the highest points on the four positions. This was Andropov. He had authority both in the apparatus and among the people. He was clearly smarter than those around him. He relied on the huge real power of the KGB, whose people controlled the situation not only in their country, but in all the countries of the world (unique!). Finally, in 1982 he also received formal supreme power.

Any society instinctively opposes concentrating all fullness of power in one man's hands. Therefore, they always try to keep the smart ones and the overly influential ones from getting to the helm, so that they do not outplay society. The Soviet super-bureaucratic system was no exception. It gave rise to equal, mediocre leaders "who knew the rules." And the main thing, controllable ones. Andropov proved to be an albino. It is quite puzzling how he was able to get to the apex of power without dancing the hopak [Ukrainian folk dance] at the secretary-general's dacha, and without pretending to be an utter fool. I believe that the history of this ascent would make many volumes of fascinating reading, with puzzles better than Agatha Christy's. The author of the multi-volume work would necessarily tell about the events of 1956 in Hungary, where Andropov served as ambassador (Soviet troops withdraw from Budapest, rebels seize weapons and create terror, troops again enter and "restore order"—does this scenario from the epoch of Ambassador Andropov not remind you of anything?) There are tales to tell also about how assiduously Yuriy Vladimirovich placed mines under all possible competitors to the post of secretary general, how the work on discrediting Brezhnev and his family was conducted, how in 1980-1982 a wave of disclosures of large machinators rolled through the Union ("fish case," Kuban, Moscow trade, Rostov), with the KGB manifesting particular activity in these disclosures. One can write an entire detective novel about the struggle between Andropov and Shchelokov, about the expansion of the technical base of the KGB under Andropov, about the Jewish emigration under the aegis of the KGB in 1973, and finally, about Afghanistan. The material is endless. However, I am not a researcher and do not intend to delve deeply into the material. I, as a leading personage in current politics, am interested, I repeat, in my own moments.

The history of Andropov shows how much in Russia depends on such a man who stands at the very top of the system. We have been, are, and will be an autocratic country. Growing the parliamentary culture on our soil—a necessary and noble cause—is a prospect for the coming decade. Take the beginning of the 80's, with the rise of the new red czar the situation in the country changes. It is the same order, the same party, but there are changes beginning here. For the present, on the very surface. But then, he was only in the secretary-general's office for a few months. Therefore, I always say: Without the presidential office, I will not be able to keep my promises to the voters. My victory of 12 December at the elections was very important, but this is a moral victory, a boundary. Yet the voters need material victories. I have 60 deputies in the Duma, I am trying to influence certain things, but all these are trifles. I made large-scale promises. But even if I had 400 deputies in the Duma, that is, the absolute majority, it is unlikely that those who are in the Kremlin would share power with me. After all, they hold the army, the militia, the governors and the finances in their hands. They would simply block

the Duma. Then again, this is happening even now. Therefore, in order to change anything seriously in Russia, one needs the throne. Look, Andropov was the chief of the KGB. A huge power, it would seem. Then why did he not expand the struggle against corruption in the mid-70's? It is clear why. Another man with different principles sat on the throne, and the system worked for the czar. If Andropov had tried to move to the side, he would immediately have shared the fate of his predecessors. The wind blows from the first person.

I am often asked: How to you intend to fight corruption? I answer—I will not hinder the appropriate organs from conducting their affairs. Professionals know what to do. They have already accumulated tonnes of materials. They are struggling, like a sailor at sea without a woman. They do not have a supreme political contractor for their materials. If the new president is clean, not "marred," not "tied up," then he becomes such a contractor. And then that is it—blow out the candles. Andropov managed during the time of Brezhnev not to drink from the same cup as the "Dnepropetrovskis," and therefore easily gave them up when he came to power. I too, naturally, do not intend to patronize the thousands of swindlers who have abducted public money. After all, I did not drink vodka with them in the party administrative meetings, and did not smear honey on girls in the "administrative" bathhouses.

One most interesting political paradox is associated with Andropov. Both the "rightists" and the "leftists," both the "perestroika supporters" and the "patriots" have a rather respectful attitude toward the name of Yuriy Vladimirovich. Among the heroes of perestroika, among its ideologists there are many former direct associates of Andropov—Arbatov, Bovin, Burlatskiy, Shakhnazarov, Gorbachev, Ryzhkov, Slyunkov, and Vorotnikov were also placed in key positions by Andropov. But even the "heroes" of the opposition—Kryuchkov, Pugo, Sterligov—are pure Andropovites. And again, it was Andropov who transferred Ligachev from Tomsk to Moscow. What kind of people did Andropov depend upon? On one hand, we see "noble Westerners," who know how to chat with an American professor on liberal topics and to write an article for a respectable journals on the benefit of convergence. On the other hand—there is the group of "apparatchiks," who viewed all such ideas with suspicion, especially if the ideas come "from there, from the decaying West." How, then, are we to understand Andropov? Why did his people start diverging into two camps after 1987: The "noble Westerners" to the democrats, and the apparatchiks to the patriots? Evidently, because Andropov had two hands in the KGB—intelligence and counterintelligence. Intelligence became the moving force of perestroika. Gorbachev swiftly moved internationalists to important positions—ambassadors, diplomats, scientists. One way or another, all of them were associated with Soviet intelligence. Most of them sincerely wanted it to be here, just as it was "there." Having lived many years in the West, they forgot their own country and its way of life. This is

natural. Such is the specific nature of their work. Intelligence, of course, supported the democrats, Yeltsin, and rapprochement with abroad.

The counterintelligence men, on the contrary, did not travel to Paris or places like it. They stayed here, tilled our soil and drank our vodka. They have a good knowledge of the situation in our country, the psychology of its people. They, by their nature, have a restrained attitude toward foreign tendencies, and place their stake more on their own, native values. Therefore, they support the movements of a national ilk. The contradictions between the Westerners and the Slavophiles, between the democrats and the patriots, is the everlasting contradiction between intelligence and counterintelligence, between Shellenberg and Muller, between General Kalugin from the intelligence and General Sterligov from the counterintelligence.

But, you will note, both Kalugin and Sterligov on the whole have positive remarks about Andropov. The intelligence men liked the liberal views which he expressed in conversations with colleagues, the gravitation toward the intellectuals, the realistic appraisal of achievements of the West. The counterintelligence men saw in him a fighter for "bringing about firm order" in the country. And here we note the brilliant peculiarity of Andropov. He was dual, triple, even quadruple in his approaches. He sent different signals to different strata of the population: He defended Lyubimov and his theatre in Taganka, and at the same time fiercely battled the dissidents, put out cheap vodka and called for a struggle against vagrants and drunks, fought against bribe-takers in Tashkent and Moscow, and was not interested in bribe-takers in Azerbaijan, where his own man ruled—KGB General Geydar Aliyev. He was interested in market reforms and at the same time called for revitalizing the initiative of the Stalin years. To the uninitiated person this seems strange. But duality is politics. Politics is balancing between interests and feelings (yes, and feelings!) of various classes, groups, regions and nations. Politics is both a blow to the forehead and a stroking of the knee, spitting and hot kisses, winks, whispers and cries. If a politician is unidimensional and knows only to pound his fist on the table, it is better that he go to work as a bouncer in a restaurant or, say, return to his native military aviation unit.

Let us also touch upon the topic of the next-to-last thrust at the South—the move on Afghanistan. It is quite obvious that Andropov and his KGB became the main mover of the introduction of troops. Brezhnev and Gromyko were not the initiators. They vacillated for a long time. What prompted Andropov to the South? An understanding of the real threat on the part of the Muslim nation, which was rapidly rising on the yeast of oil dollars? Look, at almost the same time there was the revolution in Iran, the war between Iraq and Iran was beginning, and the bloody Afghan mess was getting started. The dynamically developing Muslim countries are suddenly creeping together into the quadmire of

contradictions and conflicts. The result—an Iran which is thrown back to the middle ages, a weakened Iraq, a ravaged Afghanistan. Is this not an international scenario in which a certain role was relegated to the USSR? The campaign in Afghanistan was in any case not a manifestation of the marasmus of the aged leaders, but a delicate policy. After all, Russia has traditionally moved to the South and played its game there. Therefore, my heart bleeds when I hear that our movement in Afghanistan was a mistake, and that the casualties there were for nothing. It is another matter that we should have acted more cleverly in Afghanistan, saving our soldiers and setting the local ones against each other. Plus, we should have explained to our people why we undertook such an action, what the interests of the country were, and not lied to them each step of the way, or kept quiet with a stonewashed expression, as is the communist way.

One of Andropov's interesting creations was the Fifth Administration (ideological diversions). The idea was as follows: To bring the intelligentsia out from under the leadership of the counterintelligence, assigning it a special structure. Now there was an entire administration to deal with Sakharov, Solzhenitsyn and Roy Medvedev! What an honor! And as always, there was duality: On one hand, we were supposedly combatting harmful influence, and on the other—constantly pouring oil into the fire of discussions among the intelligentsia and discrediting the ruling party ("Look, they are persecuting people for their convictions...", we would say to each other, sitting in our kitchens in the evening).

In general, the statement to the effect that there was one party in our country was a mistake. We have always had two parties—the CPSU and the KGB. The KGB under Andropov achieved the peak of politicization. During this time, there was a real struggle for power. The CPSU was immobile, it had become bogged down in economic management functions, in the idiocy of public agitation and displays. Yet the KGB, all the while, was engaging in that which a political party should actually engage in: The attitude of the people, cadre shifting, and relations with the outside world. The KGB worked with people, the CPSU—with papers. It is true, both had become strongly bureaucratized. The KGB-NKVD [People's Committee for Internal Security] had repeatedly tried to take power. Beria, Kryuchkov, Barannikov were unable to succeed in this. Only one man succeeded, only one—Andropov.

I wonder, will Solzhenitsyn place a bouquet of flowers on Andropov's grave in Red Square? After all, had it not been for Andropov, Aleksandr Isayevich would be sitting today in the dining room of the House of Writers and discussing with his brothers of the pen the victory of the Brazilians at the world championship of soccer, while snacking on sausage sandwiches. He would have been an ordinary man among ordinary men. After all, is a page written by Solzhenitsyn any brighter or more filled with imagery than a page written by Sholokhov? It is laughable even to make the comparison. And what about

Rasputin, Trifonov, Belov? How deeply did they dig? Or what about the old man Leonov, forgotten by everyone? Solzhenitsyn as a writer is simply a bore. But... he is a political card. Having deported him from the country, Andropov made him a world-famous figure, turned a writer of humble talent into a monster, practically to the threat of the system. Could it have been to sharpen the ideological tenets of the system, in whose effectiveness Andropov himself did not believe? I recall the evening held in honor of Galina Vishnevskaya in the Bolshoi Theatre, which was grandiose in its scale. How many flowers there were, how many nice speeches, how many television cameras! And humbly sitting nearby was Ivan Kozlovskiy, the great Kozlovskiy. He, who had worked his whole life here and who simply sang for his people, had not been deemed worthy of such an evening. Because he was not a political card, he was—a writer. That is why they will not give Rasputin a separate railroadcar, and the newspaper headlines will not shout about him.

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Nevertheless, Andropov's cadre Solzhenitsyn does represent something. He analyzes, speaks well and confidently, and is more serious than the current leaders of perestroika. In general, the older generation, which has withstood the trials of fire and water, cannot be compared with today's riff-raff. Could Gromyko have publicly called colleagues in parliament mongrels of some breed? No. After all, he was a diplomat. Could Ustinov have vacationed abroad if the link-up in space was failing? No. After all, he answered with his head for this matter. Could Andropov have sent his wife to Geneva to shop, using someone else's money, and under her own name at that? No. He knew the rules of the game. They all knew the rules of the game. They, were, of course, not ideal. They, of course, bore the imprint of Stalinism. But they stood for the country. They did not parcel out its territory. They did not work only for themselves and for their own pocketbooks. That is why I recalled the 80th birthday of Andropov.

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If it was not Zhirinovskiy who wrote the article, then who? Who stands to profit? What are the goals and tasks of the text? By understanding what was written, we may understand who wrote it.

The second reading turned out to be much more interesting. The characteristic slight of hand became apparent in the very first phrase (so irreproachable in its language and its style). "Among the events of the current year..."

Excuse me, but the 80th birthday of the chief of the KGB (who died 10 years ago) is in general not an event. Neither for the country, nor for the people. Nor for anyone, except the members of his family and a dozen or so of his fellow workers. Poll even a thousand people—

"The history of Andropov shows how much in Russia depends on that person who..." Yet does the history of Mao not show how much depends in China? Or the history of Napoleon in France? Of Castro in Cuba? "Zh" presents childish prattle about the role of the individual in history, passing it off as his own wisdom.

Presenting Andropov as a gigantic historical figure, "Zh" is forced to explain why this giant acted like a pygmy. He did not rein long? He died too soon? But, after all, the "real huge power of the KGB" was in his hands for 15 years. "If Andropov had tried to move to the side, he would have immediately shared the fate of his predecessors." What kind of huge power is this, if one must "sit and be still?"

Having become the czar, Andropov organized the struggle against corruption—"gave up the Dnepropetrovskis." What marvelous frankness. Andropov gave but Brezhnev's men, but not his own. "He fought against bribe-takers in Tashkent and was not interested in bribe-takers in Azerbaijan, where his own man ruled..."

There is no question here of law, before which are men are equal. Zhirinovskiy states that he will fight corruption in Andropov's manner. He too will not spare the thousands of swindlers, with whom he did not drink vodka at party leadership meetings and did "not smear" girls with honey. The former ones, the outsiders—he will not spare. He entertains himself in other places and with other people. Those who are financing him today are awaiting their turn to greedily fall upon the spoils.

There is no place for illusions. Not one even slightly decent person can be seen in Zhirinovskiy's retinue. Perhaps there are authorities. But there is no moral authority. Zhirinovskiy himself, by his hooliganisms and brawls, has won a reputation for himself throughout the entire world. Can we expect legality and order from him?

The most interesting thing in "Zh's" article is the discussion about intelligence and counterintelligence, about the difference in their psychologies. But it all crumbles when "Zh" goes from the special services to politics.

Andropov, he says, promoted both the heroes of perestroika (Gorbachev, etc.) and the heroes of the opposition (Kryuchkov, Sterligov, Pugo...). This is already a familiar slight of hand. A familiar talented insinuation: Supposedly, all of them—from Gorbachev to Solzhenitsyn—are Andropov's people, people of the special services (KGB-CIA).

But first of all, in regard to perestroika (to Gorbachev), the main oppositionary is Yeltsin, while the Kryuchkovs and Pugos are obedient servants of the apparatus.

And secondly (and this is the main thing)—only now, only in recent years are Yeltsin and Gorbachev, Gaydar and Khasbulatov on different sides of the barricade, but in Andropov's time they were all in one command. There were no other "heroes" in the country. All of them—

Yeltsin, Rutskoy, Anpilov, Gaydar, Khasbulatov, Prokhanov, Gdlyan, Ligachev—were all in one command. It is only now that Kalugin and Sterligov are squabbling, but before they used to hunt together.

Yes, there was another command in the country. However, they were not promoted, but imprisoned and deported. And all the above-mentioned men, faithfully serving the regime, participated in this hunt in one way or another: Some caught, some signed, and some morally inspired.

There is no need to explain the current deadly hostility between yesterday's members of the CPSU through the ideological conflict of the intelligence and counterintelligence. More probably, it is not that the principles are different, but that there is only one pie.

Is it worth continuing a detailed examination of "Zh's" text? We will find no pearls of wisdom there.

There are many deviations from the truth (Gorbachev, supposedly, rapidly promoted those who had lived for many years in the West. Except for Yakovlev—there was no one. The men whom Gorbachev promoted—Shevardnadze, Yeltsin, and Pavlov—had worked at home all their lives).

There are also many deviations from common sense. ("The campaign in Afghanistan, whose prime mover was Andropov," was specifically a marasma and a shame, and not delicate politics, as "Zh" writes, wanting to throw himself on the south one more time).

There is also much "forgetfulness." (In discussing the two parties in the USSR—the active one (KGB) and the passive one (CPSU), "Zh" forgot that Andropov was not a cadre member! Yuriy Vladimirovich had been employed in Komsomol work since the 20's, in party work since the 30's, in the CPSU Central Committee since 1951; he had been head of the Central Committee section since 1957, secretary of the Central Committee since 1962, and only in 1967 (in his sixties) came to the KGB).

But most of all, "Zh" has an incurable primitiveness about him, which he cannot conceal. That is his essence.

**"Politics is blows to the forehead and patting of the knee, it is spitting and hot kisses, winks, whispers and cries."** Read over for yourselves the musings of "Zh" about politics. Whether foreign or domestic—this is banal political dealings, palace intrigues, and nothing more. Not chess, but a "point" in a gateway game.

Riff-raff, rabble and dregs,—that is whom Zhirinovskiy is trying to please, promising that "they will get their own"—French suits and Spanish wines.

We do not want to use curse words, but for whom, if not mongrels, does "patriotism consist of the class of the carriages?"

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no one will call this anniversary an "event." But the "author" states that this is an event, and begins to enthusiastically blow it out of proportion. Let us read carefully.

**"Let Volskiy, Gorbachev, or Arbatov make sensational memoir recollections."** Why does the author (henceforth, for the sake of brevity, we will designate the author will the letter "Zh" in quotation marks, since this is not the real Zhirinovskiy), why does "Zh" propose that Gorbachev and Arbatov should write sensational memoirs, and not Kryuchkov, Bobkov, or Aliyev? Evidently, it is not those who were close to Andropov who are suggested as memoir writers, but those who are the enemies of "Zh" (I repeat: "Zh" is not Zhirinovskiy, but the author (authors) of the text). And this is not a proposal, but a delicate, clever insinuation.

"Zh" affirms: "**without understanding even a little about the affairs of Andropov, we cannot understand the logic of the events of 1985-1994.**" Why? Andropov did not perform any great "fateful" feats. Moreover, in 1985-94, no particular logic could be seen. We were feeling our way blindly, rushing from side to side, helter-skelter

With academic aplomb, "Zh" presents us with a primitive discussion "about the four powers" (exactly like the "four elements" in alchemy). After which, with a sigh, he says: "**But there was a man in history—a rare case—who received the highest points on the four positions. This was Andropov. He had authority both in the apparatus, and among the people...**" "**The highest points on all positions**"—this is a doomed (and this means not clever) attempt to make Andropov equal to Caesar or Napoleon. According to the classification of "Zh", Andropov turns out to be higher than Peter the Great, who had formal, real, and let us assume also intellectual power, but as for authority among the people, the people believed him to be the devil, i.e., they hated and feared him. ("Zh", by the example of the MMM [not further expanded], himself thinks up criteria and himself gives the highest quote. It does not work.)

"Zh" affirms that Andropov had authority among the people. And how so? Fear is not authority.

Andropov was clearly smarter than those around him? Possibly. But the leadership of the USSR was, alas, grey, ignorant, incompetent, in the expression of "Zh" himself—"mediocratized." Is it a great honor to be smarter than those who are mediocre?

And regardless of comparisons with the mediocratized retinue—was Andropov really smart? His effort to bring about order in the country with the aid of round-ups in movie theatres and stores does not appear very smart. You can use the stick to force people to cut wood, you can use the stick to force people to their work places. But it is impossible to use the stick to force a bad doctor to treat patients well, a bad teacher to teach well, and it is impossible to force a scientist to think... The concentration camp production records were always faked. And

the genius Andropov was not able to achieve world quality in even one sector, not to mention the entire country.

Yet "Zh" continues to sculpt a giant: Andropov, he says, "**relied on the huge power of the KGB, with which he controlled the situation not only in the USSR, but in all the countries of the world (unique!)**".

Some control. Not only did the capitalist countries, but also the brothers in ideals (China, Rumania, Yugoslavia) not submit to control, they acted as they pleased. Even the tiny Albania spat upon the USSR, cursing it with the last words over the radio. Asia, Africa (with all their liberation movements) milked us for money and weapons. It was not on the authority of Andropov, but on the open greed that the influence of the USSR was maintained, as well as its illusory control. And this ended not with the death of the wise four-powered leader, but, if you will excuse the expression, with the closing of the feeding trough.

Let "Zh" explain: How are ordinary American presidents able to control foreign countries better than General Andropov? Answer: A bit more money, and a bit less blood.

The fact that Zhirinovskiy considered the article by "Zh" to be clever and beneficial to his authority is rather comforting. This means that Zhirinovskiy is incapable of seeing all these obvious and gross miscalculations, stretching of the point, and that means that intellectually he is even weaker than his "Zh."

It is amusing to observe how "Zh" exults in Andropov's genius: **It is entirely puzzling how Andropov was able to get to the apex of power, without dancing the hopak at the secretary-general's dacha...**"

If he performed the enigmatic and the impossible—that means he is a genius. But they no longer danced the hopak under Brezhnev. "Zh" (because of his age?) confused the mores at the court of Leonid Ilyich with the entertainment of Iosif Vassarionovich. One must have a rather mediocre mind and soul to sincerely delight in how "**Yuriy Vladimirovich placed mines under his competitors.**" Ordinary palace intrigues are presented to us as political talent. They propose "an entire novel" about the struggle with Shelokov. But no worse would be a novel about the struggle for the position of storehouse director (the passions, after all, are the same). And also—"a novel about expanding the technical base of the KGB." Does it not seem to "Zh" that the technical base of the CIA was expanding no less successfully without the wise concerns of Andropov?

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One has to run across "Zh's" text, as over a swamp. If you stop—you will sink. From all appearances—it is a meadow, but in fact—it is a decaying bog. It would not even hold up a schoolboy.

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Presenting Andropov as a gigantic historical figure, "Zh" is forced to explain why this giant acted like a pygmy. He did not rein long? He died too soon? But, after all, the "real huge power of the KGB" was in his hands for 15 years. "If Andropov had tried to move to the side, he would have immediately shared the fate of his predecessors." What kind of huge power is this, if one must "sit and be still?"

Having become the czar, Andropov organized the struggle against corruption—"gave up the Dnepropetrovskis." What marvelous frankness. Andropov gave but Brezhnev's men, but not his own. "He fought against bribe-takers in Tashkent and was not interested in bribe-takers in Azerbaijan, where his own man ruled..."

There is no question here of law, before which are men are equal. Zhirinovskiy states that he will fight corruption in Andropov's manner. He too will not spare the thousands of swindlers, with whom he did not drink vodka at party leadership meetings and did "not smear" girls with honey. The former ones, the outsiders—he will not spare. He entertains himself in other places and with other people. Those who are financing him today are awaiting their turn to greedily fall upon the spoils.

There is no place for illusions. Not one even slightly decent person can be seen in Zhirinovskiy's retinue. Perhaps there are authorities. But there is no moral authority. Zhirinovskiy himself, by his hooliganisms and brawls, has won a reputation for himself throughout the entire world. Can we expect legality and order from him?

The most interesting thing in "Zh's" article is the discussion about intelligence and counterintelligence, about the difference in their psychologies. But it all crumbles when "Zh" goes from the special services to politics.

Andropov, he says, promoted both the heroes of perestroika (Gorbachev, etc.) and the heroes of the opposition (Kryuchkov, Sterligov, Pugo...). This is already a familiar slight of hand. A familiar talented insinuation: Supposedly, all of them—from Gorbachev to Solzhenitsyn—are Andropov's people, people of the special services (KGB-CIA).

But first of all, in regard to perestroika (to Gorbachev), the main oppositionary is Yeltsin, while the Kryuchkovs and Pugos are obedient servants of the apparatus.

And secondly (and this is the main thing)—only now, only in recent years are Yeltsin and Gorbachev, Gaydar and Khasbulatov on different sides of the barricade, but in Andropov's time they were all in one command. There were no other "heroes" in the country. All of them—

Yeltsin, Rutskoy, Anpilov, Gaydar, Khasbulatov, Prokhanov, Gdlyan, Ligachev—were all in one command. It is only now that Kalugin and Sterligov are squabbling, but before they used to hunt together.

Yes, there was another command in the country. However, they were not promoted, but imprisoned and deported. And all the above-mentioned men, faithfully serving the regime, participated in this hunt in one way or another: Some caught, some signed, and some morally inspired.

There is no need to explain the current deadly hostility between yesterday's members of the CPSU through the ideological conflict of the intelligence and counterintelligence. More probably, it is not that the principles are different, but that there is only one pie.

Is it worth continuing a detailed examination of "Zh's" text? We will find no pearls of wisdom there.

There are many deviations from the truth (Gorbachev, supposedly, rapidly promoted those who had lived for many years in the West. Except for Yakovlev—there was no one. The men whom Gorbachev promoted—Shevardnadze, Yeltsin, and Pavlov—had worked at home all their lives).

There are also many deviations from common sense. ("The campaign in Afghanistan, whose prime mover was Andropov," was specifically a marasma and a shame, and not delicate politics, as "Zh" writes, wanting to throw himself on the south one more time).

There is also much "forgetfulness." (In discussing the two parties in the USSR—the active one (KGB) and the passive one (CPSU), "Zh" forgot that Andropov was not a cadre member! Yuriy Vladimirovich had been employed in Komsomol work since the 20's, in party work since the 30's, in the CPSU Central Committee since 1951; he had been head of the Central Committee section since 1957, secretary of the Central Committee since 1962, and only in 1967 (in his sixties) came to the KGB).

But most of all, "Zh" has an incurable primitiveness about him, which he cannot conceal. That is his essence.

"Politics is blows to the forehead and patting of the knee, it is spitting and hot kisses, winks, whispers and cries." Read over for yourselves the musings of "Zh" about politics. Whether foreign or domestic—this is banal political dealings, palace intrigues, and nothing more. Not chess, but a "point" in a gateway game.

Riff-raff, rabble and dregs,—that is whom Zhirinovskiy is trying to please, promising that "they will get their own"—French suits and Spanish wines.

We do not want to use curse words, but for whom, if not mongrels, does "patriotism consist of the class of the carriages?"

"Zh" is not smart enough to understand that these mongrels do not need Zhirinovskiy. They have already received their class carriages, suits, wines, and gold chains. They will not be attracted by one who dreams of Andropov's camp.

\* \* \*

There are two heroes in "Zh's" article: Andropov and Solzhenitsyn. The purpose is to raise one up and destroy the other. By elevating the dead man (who is not a competitor), it is possible to belittle the competitor. But does Solzhenitsyn really intend to run for president? It does not look that way. That means he is not a competitor. Then why drown him?

Because Solzhenitsyn can side with someone and add votes to this "someone." Solzhenitsyn will never side with Zhirinovskiy. First of all, they would have to agree, and for Zhirinovskiy and Solzhenitsyn this is impossible (they do not even listen to their fellow conversationalist). Secondly (and this is the main thing), Solzhenitsyn—regardless of where he is right and where is is mistaken—is a decent man. For a decent man, a union with Zhirinovskiy is out of the question. And it is specifically this—moral authority—that Zhirinovskiy lacks for victory in the elections. It is specifically this—moral authority—that Zhirinovskiy cannot find anywhere. Because he cannot buy it. It is specifically for this reason that those few whose reputation is worth more than money evoke such anger in Zhirinovskiy and "Zh".

Because of this anger, they lose what little understanding they have left. And, having forgotten how they just slobbered all over the sweet image of the genial Andropov, they write about Solzhenitsyn: "Andropov's cadre," "Andropov-Bush's card," "object of KGB-CIA intrigues"...

Mr. "Zh," if Andropov is involved in joint intrigues with Bush and the CIA—that means your idol is a traitor. Yet your desire to soil the name of Solzhenitsyn is so great that you are ready to throw dirt on your own father and teacher. (The fact that Andropov and Bush slightly missed each other in this world—that is a trifle).

The article by "Zh" has a remarkable title. It contains everything: Good (Andropov), and evil (Solzhenitsyn), and the source of evil (money of foreign radio—read: CIA).

But, excuse me, but who is it that is riding "from Andropov to Solzhenitsyn and back?" Solzhenitsyn, of course, cannot ride "to himself," regardless of who paid for his railroad car. The key word in the title is BACK. Back to Andropov.

It is "Zh" himself who wants to return there, where his genius ruled, throwing us first on the BAM [Baykal-Amur Main Railroad line], then to Afghanistan, then to a camp, then to a madhouse, and in honor of whom the unit of measure of fear was named—"one androp."

What you have read is not an article by Zhirinovskiy. It is a cold, clean-shaven face which has stuck its head out of the darkness. It is those who make Zhirinovskiy, who plan his electoral campaigns, who compose the "ideas" of the latest attacks, precisely calculating the behavior of a cad to find favor with cads. Those who helped him make friends with Western fascists (who were always "our friends," friends of Stalin, friends of Andropov).

It is they who are giving Zhirinovskiy money. After all, it is not party dues that are paying for the flights of the LDPR [Liberal-Democratic Party of Russia] to Iraq, to Korea...

And this (money) is the most unpleasant thing. Since those who are investing and have already invested such huge sums in Zhirinovskiy will stubbornly strive to achieve their own ends, without taking anything into consideration. They will fight for their "return ticket."

They do not have a lot of brains (otherwise they would have found someone better than a wild child of a jurist), but his energies and harshness are more than abundant, and his experience in subversive work is huge.

Yet they were unable to hide all their ears under the cap of the fool. Perhaps I have no other proof, except that of the text of the article. But if in the evening near the "Metro" you see an artificially painted up girl who is stopping foreign tourists, do you need documental proof that she is a prostitute?

But who needs to laud Andropov?... Wait a minute. And, in general, why did Zhirinovskiy remember the anniversary? Many people remember the year of death of Andropov—it was the change of leadership of the USSR, it was an event. But the fact that Andropov was born in 1914—that is something one would have to know. "Zh" writes: **It was 80 years in July since the day of birth of Yuri Vladimirovich...** Where does the crude Zhirinovskiy get such respect? Why not initials, but the full name and patronymic? And where does such accuracy come from: "In July"? The encyclopedia lists only his year of birth, and not the exact date.

The person who wrote the article under Zhirinovskiy's name evidently many times wished Andropov a happy birthday, presented an "address" in a red folder. And remembered that this was in the summer. But Andropov was born in June. One who did not know would have checked and written it precisely. One who knew was sure of his memory—and was mistaken. It is people who are close to us that make such mistakes. Specifically memoir writers make such mistakes. Because of the distance in time of the event (which is an event only for them), and because of their own age.

Zhirinovskiy needs wise articles for his image. He should have written about geopolitics, about economics, about the national question, about how to improve Russia. But here suddenly—he chose to write about a little screw in the system who vanished into oblivion.

For Zhirinovskiy, who saw Andropov only on television, the dead secretary general cannot evoke such fiery feelings. But for those who served Yuriy Vladimirovich—for them he will always remain wise and all-powerful.

For them he is not a little screw. For them, Andropov is the main bolt. Forever pounded into the brain and into the soul.

### Vice Premier Defines Government's Program of Activities

954F0170A Moscow KURANTY in Russian  
12 Oct 94 p 6

[Speech by Oleg Soskovets, first vice premier of the Russian Federation government, presented at the meeting of heads of administration and leaders of enterprises in Moscow Oblast: "We Will Not Dramatize." Place and date of speech unknown]

[FBIS Translated Text] We are acquainting the readers with the position of First Vice Premier Oleg Soskovets not because we are proponents of his views. However, this presentation (we are giving it in abbreviated form) is notable in several aspects all at once. It is based on the results of the recent "epochal" meeting of the government of V. Chernomyrdin and, in essence, contains the program of action for the nearest future. But a certain time has now passed, and we may compare the plans with the reality. And the third instance: O. Soskovets spoke at a meeting of heads of administration and leaders of enterprises of Moscow Oblast, supposedly among "his own." Yet much of what he said was met with puzzlement and even disapproval. The centrist vice premier appeared as a big radical in comparison with his audience.

### Depressive Stabilization

This year will go down in the history of economic reform in Russia as a rather complex and contradictory period.

After a rather tangible drop in production in the first quarter of the current year, Russia's economy entered a somewhat unusual, nonstandard situation. Even theoreticians have not yet found a definition for it. They call it a phase of depression, a depressive stabilization, etc. It is characterized by a series of moments:

- A slowing of the rates of decline in production. In industry, the drop in output volumes in the second quarter comprised 9 percent (compared with the preceding quarter), versus 23 percent in the first quarter;
- A stable decline in the rates of inflation, from 18 percent in January to 5 percent in August;
- An increase in the real income of the population (second quarter: plus 3 percent over the first quarter) and a retention, despite the decline in production, of stable consumption;
- With the securing of the real interest rates at a positive level, a turn toward their rapprochement with

the profitability of goods producers has been outlined. In the future this may facilitate normalization of relations between the banking and entrepreneurial systems of the economy.

While noting that the observed stabilization still does not bear a healthy character, at the same time I cannot agree with the affirmations to the effect that production has stabilized beyond the "red line."

### There Will Be No Collapse

The experience of Russia, as well as most of the former socialist countries, shows that the transformation of the deformed socialist economy into a market economy is accompanied by a specific type of economic crisis, which scientists have called the transitional crisis, in the period of which no measures of central power are capable of preventing the regular decline in production.

At the same time, we may conclude that, no matter how difficult the economic position of the country may be, it does not have anything to do with collapse, and today the country is farther from it than it was at the end of 1991. Reforms in Russia are proceeding more successfully than in any of the CIS countries. In each of them, the ruble is viewed as a stable means of circulation.

In the overview, many painful problems of liberalization of the economy have been resolved in Russia, currency reserves have been accumulated, export continually exceeds import, and shortages and lines have been eliminated.

We have understood the macroeconomic problems and are convinced of the fact that "light" money may only stimulate inflation, but does not stop the industrial decline. Rather, it merely prolongs the crisis. This explains the moderately strict credit-finance policy which we are implementing.

Nor would I overly dramatize the question of reduction of Russia's industrial potential, the low level of investment, and the technological backwardness. A significant part of this potential was created without consideration for the economically substantiated goals, is weakly associated with the needs of consumers, and without expensive reorganization cannot be effective in the market system of economic management. Historical experience shows that partial "eating up of capital" is an inevitable factor of the crisis period in the economy (the Great Depression of the 30's in the USA), but that the groundwork is laid during this period for accelerating industrial development in the future.

We must also note that, despite the reduction in production capacities, their load comprises no more than 70 percent. In other words, the fixed capital is sufficient for ensuring economic uplift without significant capital investments.

### What Are the Main Reasons for the Decline in Production?

The first. In 2.5 years, defense expenditures of the state have declined by more than 70 percent, which, under

conditions of limited capacities of conversion, has led to a decline in the volumes of production of the defense complex by more than 60 percent. If we take the entire decline as 100 percent, then this reason accounts for 35 percent of this decline.

Second. The reduction of the state investment program and cessation of inflationary financing of capital investments have led to the fact that the overall reduction in capital investments in the economy for the 2.5 year period comprised 65 percent. This reduced the demand for investment resources accordingly. According to computations, this accounted for approximately 15 percent of the absolute decline in industrial production.

Third. This is the reduction in deliveries of power and other resources to the CIS countries at reduced, and sometimes even symbolic prices. Here we may cite what I believe to be the most obvious example. In 1989-1990 we supplied 125-135 million tonnes of oil to the former USSR republics. This year, these deliveries will not exceed 25-35 million tonnes. The sharp reduction in such deliveries has led to a decline in industrial production along the entire chain, by approximately 10 percent.

The fourth reason is associated with the reduction in solvent consumer demand. This factor explains around 20 percent of the decline in industrial production.

The remaining 20 percent are associated with the introduction of market mechanisms and its consequences, specifically with the slow adaptation of enterprises to the new conditions, the disruption of economic relations, the shortcomings in state regulation of the economy with the rejection of planning material-technical provision, etc.

In evaluating the decline in the economy, we must keep in mind an important factor, which is associated with the problem of reliability and adequacy of the processes of statistical reporting which are taking place. Reportability by volumes of industrial production, especially for the VVP [gross domestic product], is reduced as a means of avoiding taxation by the economic subject. Moreover, the relative share of sectors which are not reflected in statistical reporting is increasing, as confirmed by the growth in real income of the population despite the decline in the VVP and the positive balance of export-import operations. With consideration of this fact, the real rates of economic decline are less significant.

Of course, we feel that parallel to certain positive tendencies, there is an elementally growing explosive potential, which can destroy the fragile signs of stabilization.

However, the government has effective levers and real means for control of the situation and for overcoming the emerging irregularities. The producers too, we are convinced, have some reserves.

#### **But Everyone Will Not Be Saved**

The situation which has arisen in the Russian economy does not simply permit, but persistently demands, new

emphasis in government activity. The changeover to direct resolution of these problems in fact signifies a new stage of reform. And it has, in essence, already begun with the adoption of the packets of economic edicts of the president, including the latest ones.

We are today experiencing a situation which is very reminiscent of December 1991-January 1992. Not in terms of poverty—the stores are stocked with everything, but in terms of the internal dramatism of decisions. Before us is a threshold which we must cross. If not now, then later. But we will have to cross it nevertheless.

I am referring to the recognition of the fact that we will not be able to save all the enterprises. Yet this is far from obvious to a huge number of people, including also those who are making the decisions.

In January of 1992 we all experienced the shock associated with the liberalization of prices. Now we must experience a second shock, associated with bankruptcy and unemployment. Perhaps this sounds harsh and strict, but this threshold must be crossed. We have come up to it.

#### **Unemployment Awaits Us**

The government will take this step. And only in that case will we be able to finally reduce inflation to rational limits by the end of the year. Yet the price of such a decision is known to all—unemployment. And it will become a reality for Russia.

Two of its types are most dangerous. The first is focal, regional-structural, when textile enterprises in Ivanovo may stop operation, defense enterprises, say, in Nizhniy Novgorod and Saratov, may close down. Yet unemployment poses the greatest danger in the city-plants. It is specifically they which must be the biggest headache for the authorities.

What I have said relates also to Moscow Oblast.

It has worked out in such a way that unique scientific cities have become concentrated here—Zhukovskiy, Dubna, Fryazino, Troytsk, Chernogolovka and many others, with all the problems inherent to them today.

#### **Nonpayments Will Be Dealt With by... a Commission**

Naturally, I cannot overlook the problem of overdue credit indebtedness.

The crisis of nonpayments is characteristic for all countries with an economy of the transitional period.

The Russian economy encountered this phenomenon at the end of last year, and the payments crisis was most clearly manifested this Spring. At the present time, it has become one of the most serious obstacles in the path of reforming the economy and resolving social problems.

On the other hand, the payments crisis is a result of the fact that structural reorganization of the economy has

not yet really been performed in the country, many types of production have not been reprofiled for the output of competitive products, and a significant portion of the enterprises continue to work "for the warehouse," without resolving questions of marketing and without studying market conditions or consumer demand.

Considering the complex and multifaceted nature of the problem and its influence on the continued development of economic reform, the government, in fulfillment of the Russian Federation Presidential Edict of 5 August 1994, has adopted the decision to create an operative commission for developing the system of payments and accounting.

The commission defined a list of legislative and other standard statutes on financial, tax and other questions associated with the development of payment-accounting relations. In first priority order, it outlined the preparation of 24 documents. Specifically, the draft laws, "On Introducing Changes and Amendments to the Russian Federation Law, 'On State Duty,' 'On Bailiffs,' and 'On Executive Administration,' have been prepared.

Such Russian Federation presidential draft edicts as: "On Supplemental Measures for Regulating Accounting and Payments," "On Transfer of Budget Accounts of All Levels to Institutions of the Bank of Russia and the Federal Treasury," and "On Temporary Procedure for Regulation of Consumption Funds of Enterprises and Organizations" have been developed.

For the purpose of normalizing payment-accounting relations of the enterprises of the Russian Federation and the countries of the CIS and the Baltics, a draft resolution is being developed by the Russian Federation government on involving leading Russian commercial banks in the regulation of these relations.

Decisions have been adopted on providing financial support to individual enterprises of the TEK [heat and power complex] in connection with the preparations for work in the Fall-Winter period, on postponing the repayment of previously issued centralized credits, on partial payment of the shortfall in the federal budget from tax payments, and on payment of the current budget indebtedness to enterprises of the coal industry.

A government draft directive has been prepared on the mechanism of repayment of mutual indebtedness of the budget to enterprises from current financing, and enterprises of the fuel-energy complex from tax payments.

Considering the significant amounts of overdue credit indebtedness of the oil companies, it has been decided that their repayment shall be implemented, and primarily through the federal budget, within a marginally short period of time and according to specially developed schedules. A number of measures for state support of the sector have been outlined. Specifically, work has been undertaken on development of a mechanism for broader

representation of Russian oil companies on the international market, including in the CIS countries. The question of repealing the existing marginal levels of supply-sale markups established for enterprises supplying petroleum products has been reviewed...

#### What Will Happen With the Economy in the Next Few Months?

In the third quarter and until the end of 1994, the rather tense general economic situation will be retained. However, we expect a slowing of the rates of decline in industrial production.

Under conditions of structural changes, the situation in the tractor and farm machine building sector, and in the electrotechnical and textile industry will be particularly unfavorable. In inability of the products to compete with imports and the loss of the domestic market complicates the situation. However, even in these sectors, a stable group of leaders has been formulated, which are increasing the output of products through active investment of money into the growth of working capital, rejection of long-term investments, reduction of material reserves, and moderate growth of wages.

The subsistence minimum may increase by the end of the year to 140,000-150,000 rubles (R). The relative share of unemployed persons in the labor resources on the average for Russia at the end of the year will comprise 3.6-4 percent. The growth of hidden unemployment is expected. However, no one intends to place the full burden of deprivations in implementing structural reorganizations on the shoulders of the population, throwing people out into the street. The process of structural reorganization will be lengthy. In the remaining months, the efforts of the government in the economic sphere will be concentrated on four basic directions.

Target social support of invalids, pensioners, large families and other needy groups of the population, with creation of economic and organizational-legal prerequisites for the self-development of socially active groups.

Support of the most effective types of production and quickly recoverable investment projects, reorganization and reprofiling of nonviable enterprises and surplus sectors.

Creation of favorable conditions for attracting private domestic and foreign capital to the development of priority productions, sectors and regions. The Ministry of Finance will prepare a conception of a new tax system which provides for the reduction of tax rates and the increase in benefits with orientation toward stimulating production and investments.

Changeover to a new type of privatization on an auction and competitive basis, with the condition of investment in privatized objects.

Our goal is to transform and to shift a certain portion of the state resources from subsidies and aid given to unpromising enterprises to the investment and support of entrepreneurship, and by this means to cover the decline in the unpromising sectors.

In summary, we can see that the predicted collapse of the economy did not occur. We are not viewing the economy through rose-colored glasses, and we understand that it is difficult to keep the situation under control, but that it is possible and necessary to do so. And perhaps, it would be better for certain politicians to stop looking at Russia through dark glasses, and to start cooperating with the government.

### Duma Head Rybkin, Federation Council's Shumeyko Interviewed

#### Rybkin on Tasks Facing Duma

*954F0110A Moscow ROSSIYA in Russian No 39, 12-18 Oct 94 p 3*

[Interview, under the rubric "Duma," with Ivan Petrovich Rybkin, chairman of the State Duma, conducted by Vasiliy Ustyuzhanin: (common headline for both articles) "Meanwhile the Shumeyko-Rybkin Comet Is Flying"; date and place not given]

[FBIS Translated Text] [Introduction to both articles] It is surprising, but the simple arithmetic problem of the two travelers coming from points A and B has found its concrete embodiment in politics. No matter how radical the leaders and parties who set off on the path to win power, after winning it they must stay at point C, the center. Otherwise the ship of state will risk not only listing dangerously but even simply capsizing.

At one time Vladimir Filippovich and Ivan Petrovich came to that point from opposite sides—"democracy" and "communism," and, as it turned out, after the "meeting on Elba," they set off in the same direction.

[Drawing of naked man with footprints trailing behind him, holding a sign that reads: "For us the idea is supreme!"]

[Ustyuzhanin] Ivan Petrovich, hasn't the year and a half of Duma activity disappointed you?

[Rybkin] The Duma is what the people elected it to be. Bristling, noisy, and not always organized. But it is no paradise in the country either. During the year and a half, the Duma has adopted 27 laws which the president signed. Believe me, that is no small thing, considering the conditions we were working under. But the situation in the country demands that we, as they say, put spurs to the legislative process.

[Ustyuzhanin] In what way?

[Rybkin] There are 222 draft laws ready to be discussed in the Duma. These draft laws will continue through the fall session and the spring and will remain for the Sixth Duma which follows us.

Above all we must complete work on the Civil Code and the first part of it—the country's economic Constitution. We are required to adopt the budget for 1995. It is now on the computer of the acting minister of finances, Sergey Dubinin, and the prime minister is studying it carefully. For the first time the country will enter the new year with finances in order. The Government's medium-term program for 1995-1997 for bringing the economy out of the comprehensive crisis will be attached to the budget. We must adopt a Tax Code. The economy will not operate effectively and investments will not come without stimulating taxes. The Criminal and Criminal Procedure codes, the Administrative, Arbitration, Land, Water Resources, and Air codes, the Labor Law Code which takes into account market realities, and the Election Code are ready. The latter consists of a block of laws on election of the State Duma, the Council of the Federation, the president, and the organs of state power of the subjects of the Federation, on guarantees of the election rights of citizens and the Council of the Federation, and on the basic principles of the structure of state power in the Russian Federation. Everything I mentioned is a kind of framework for a law-governed state to develop the Constitution. And then comes those things that accompany a swift-flowing life: laws on indexing of pensions, on the minimum living standard, on veterans, and on the securities market. So we face intensive work.

[Ustyuzhanin] What do you think of the situation in society?

[Rybkin] I am not inclined to dramatize the situation nor to underestimate it. Unfortunately, a turning point in the economy has not come. The reforms are having a hard time, but we still have the strength and means to keep the consumer market in the saturation stage. The Duma along with the Government and the Council of the Federation have commenced reducing aid to former Union republics in the form of technical and interest-free credits in the 1994 budget to one-tenth the former level. I believe that we acted correctly. Aid must be in keeping with economic potential. In 1993, we managed to distribute more to our neighbors than did the United States. This year we received about 95 million tonnes of grain. That is enough for us to supply the light, food, and processing industries and animal husbandry in full. The government must be more efficient in buying grain, above all from its own Russian peasant, but even so we still must buy an additional amount of especially valuable types of wheat for the baking industry and some of the grain for the Far Eastern region, where it is cheaper to bring grain from abroad than from the center of Russia.

Russia's oil and gas availability will be on the same level as previous years. We reduced delivery of oil and gas to the countries of the near abroad, which is sent at symbolic prices, to one-third its former level. But debts have not even been paid on that. Yes, we are for reintegration, but on an altogether voluntary, mutually beneficial basis. Fair accounting will not spoil friendship.

[Ustyuzhanin] Ivan Petrovich, do you continue to insist that elections be postponed?

[Rybkin] It is not all that simple. When the Duma was elected, it was planned that the representative organs of the subjects of the Federation would begin to work together with it. But today organs of representative power have been formed in only 68 of the 89 subjects of the Federation. In 21 of them there is nothing, governors and mayors rule there. Elections either failed or were not held at all. Moreover, in 2 years, based on the Constitution the upper chamber, the Council of the Federation, will no longer be elected, as it is now, but most likely formed from the heads of the executive and legislative branches of power of the regions. The possibility that in this case it will prove to be impossible to form the Council of the Federation and there simply will be no representatives cannot be ruled out. Or they will have different terms of office, which, you yourself understand, is not the best option. And how can we operate without an upper chamber? To put this situation in order, I in fact propose conducting simultaneous elections from bottom to top, all branches of executive and representative power, in 1996.

[Ustyuzhanin] Isn't the Constitution an obstacle for you?

[Rybkin] No, it is in complete correspondence with the articles of the Constitution. There are two variants for getting out of this deadlock situation—an all-people's referendum or amendments to the Constitution. Both possibilities are included in the Fundamental Law. Two-thirds of the subjects of the Federation come forward with an initiative, and then two-thirds of the votes of the State Duma and 75 percent of the Council of the Federation. The president signs the decision, if it is adopted, and he again returns it for reconciliation by the subjects of the Federation. I will not mention the trillions in money spent.

[Ustyuzhanin] Then is it possible elections will not be held at all?

[Rybkin] We have gone through that. Elections are extremely necessary. Legal chaos is unacceptable. I make no secret of the fact that my pragmatic interest is to make voter activism high. You can vote in the American way, with your feet, and not come to the ballot box. But then there will be no one to blame. The election process must be put in order so that the starting positions of all organs of power are the same. It is desirable that it be 12 June 1996. What is the sin in that? The fact that there are no representative organs in 21 regions is a bad sign.

[Ustyuzhanin] In countries with parliamentary democracy, the members of the parliament are replaced in stages, over the course of 2 years.

[Rybkin] It is possible that we will adopt such a law and change one-quarter of the members every year. That may be. But that would be when the situation has stabilized. So my answer is simple and clear—there is an utmost

need to extend the term of office of the deputies for half a year. I am not calling for changes bypassing the Constitution. I am calling for changes in the Constitution, within the framework of the Constitution.

[Ustyuzhanin] Under the Constitution our Duma has few monitoring powers. You believe that at some point it will change from a decorative appendage to presidential power to something more democratic and empowered.

[Rybkin] You have hit a sore spot. The Duma in fact does not have the opportunity to fully perform monitoring functions. Because an account-auditing chamber was not formed. The law on the account chamber was adopted only in the first reading. For the time being a palliative variant is in effect—the Monitoring-Budget Committee, which to a large decree performs norm-setting auxiliary functions in the budget sphere, was transferred to the Duma. We asked it recently to audit the ministries and departments which are holding back payments. As soon as the rumor reached them, transfers were immediately made and some of the underpayments were eliminated, including ones for the Ministry of Defense.

[Ustyuzhanin] What in general will happen with the nonpayments when this medieval chaos in the economy ends?

[Rybkin] There has been a great deal of craftiness on the part of managers of enterprises here. The credits which are allocated to them often do not reach the workers, but spin around like a top at subsidiary enterprises for 6-7 months, serving the well-known weaknesses of certain managers. Soon an investigation will be made—where the money disappeared to, where the credits went, and where they wasted time. Many people will be made accountable with the full severity of the law. I say this openly.

[Ustyuzhanin] Does the Duma have precise information on the execution of the budget, on expenditures and income?

[Rybkin] The sources of income are most clear to us. Expenditures too. Our big trouble is that the budget is adopted in the middle of the year, and the last time it was not at all sensibly adopted, only by quarters and months. No planning or predicting was possible. During the first 5 months of 1994, under certain budget positions sectors in some places were paid 21 percent, in some—19 percent, and in others—only 12 percent of what was planned. And it turns out that the remaining months account for 80 percent of the proposed payments.

The situation is very serious. For example, in machine tool building the volume of production is only 22 percent of the 1990 level. The economy may suffocate in certain sectors. Once again I will omit any talk of how our life got to such a point. Because every time we look back, it can kill us. We have the heavy burden of responsibility for getting out of the crisis. We can do this only by taking

up the task together. There is no other way. If we thrash each other in disputes and release a stew of blood, it threatens more trouble. We have enough.

**Shumeyko on Council's Role, Support for Yeltsin**  
*954F0110B Moscow ROSSIYA in Russian No 39,  
 12-18 Oct 94 p 3*

[Interview, under the rubric "Senate," with Vladimir Filippovich Shumeyko, chairman of the Council of the Federation, conducted by Vasiliy Ustyuzhanin (headline same as above article); date and place not given]

[FBIS Translated Text] [Ustyuzhanin] Vladimir Filippovich, if you were to sum up what you have experienced in the last year and a half in the Council of the Federation, what would you single out?

[Shumeyko] I am not satisfied with the results of the first session of the upper chamber. We and the Duma did not manage to work out a clear legislative policy. Of course, there are objective reasons for that.

The fact is that according to the Constitution, the president, the Government, the subjects of the Federation, both chambers of parliament, and every deputy individually has the right of legislative initiative. As a result, draft laws are created unsystematically; in the Duma they begin to compete with each other, and the legislative process drags out. Not long before the second session opened, Ivan Petrovich Rybkin and I had a meeting with the president and the prime minister. It was those questions we discussed, including the group of top priority laws.

[Ustyuzhanin] What were you satisfied with?

[Shumeyko] That even so we learned to work together, despite the fact that the parliament is "difficult." Difficult precisely from the standpoint of norm-setting. There were two equal chambers in the former Supreme Soviet. Their interests did not intersect. The Federal Assembly has a different plan. According to the Constitution, the Duma should represent all interests of parties and movements. And the upper chamber should express the interests of all Russian regions. This superficially complicated parliamentary scheme, by which, incidentally, many countries of developed democracy with federal systems live, in fact has more advantages. The complexity of the legislative process is ultimately directed to quality. And the Council of the Federation rejected several laws adopted by the Duma certainly not because they were harmful. They did not take regional interests into adequate account.

[Ustyuzhanin] Tell us your political sympathies. Who are you for? For the liberal democrats? The democratic patriots? The social democrats? Whose camp are you in?

[Shumeyko] I am in the president's camp. Because I do not see another figure who could be a symbol of strong authority. The unstable and shocking multiparty system

is an expression of the time of troubles. Look, all the parties are in opposition to the Government. Gaydar does not like Chernomyrdin's credit financial policy, and Zyuganov—the social policy. But the economy was ruined not in 1994, but in 1990. Our memory is short, we have forgotten the empty store shelves. I can tell you this: Russia got lucky with its premier. He has found his place.

[Ustyuzhanin] The communists and Zhirinovskiy supporters, out of fairness, have more formal right to criticize; they do not have representatives in the Government.

[Shumeyko] In fact our Government has been formed on the principle of a parliamentary majority. There are eight major factions in the Duma, and five of them are represented in the Government. The PRES [Party of Russian Unity and Accord] faction includes the vice premiers Shakhray and Shokhin, the minister of labor Melikyan, and the minister of justice Kalmykov; "Russia's Choice" includes vice premier Chubays, the minister of foreign affairs Kozyrev, and the minister of culture Sidorov; the Agrarian Party includes vice premier Zaveryukha; "New Regional Policy" includes the manager of the government apparatus with the rank of minister, Kvasov; the Democratic Party of Russia includes the minister without portfolio but all the same a minister, Travkin; and "Yabloko" until recently included the first deputy minister of foreign affairs Adamishin. That is to say, if you added one representative each from the Liberal Democratic Party of Russia and the communists, you would have a government of people's unity.

[Ustyuzhanin] A normal desire.

[Shumeyko] I do not argue with that. But then form a shadow government. Formulate programs and show that you can propose a more effective alternative. Of course, if you are in the opposition, you score more points.

[Ustyuzhanin] Did parliamentary vacations not add additional arguments in support of your summer initiative to extend the deputy term of office?

[Shumeyko] At that time I did not state it so simply. It was the fruit of reflection. But the newspapers harped: Shumeyko has launched a test balloon, the president told him to. It was just the opposite. First I told the president, the premier, and Rybkin. The response was varied. They reflected: What is behind this? While they were thinking, I got the ball rolling even farther: I published the idea so that everyone would think about it. Some critics say that is immoral. You were elected for 2 years, and you want to stay longer. We do not want that! Read Point 7 of the second section of the Constitution. It is clearly written there that "The Council of the Federation of the first convocation and the State Duma of the first convocation are elected for a term of 2 years." How can this section be changed, if the people believe in us and decide not to change the government now for the good of Russia? The Constitution was adopted in a referendum. There are

nine chapters in it on the procedure for making amendments. But there is nothing in it that defines the procedure for extending the term of office. For jurists it is clear: If nothing is said, everything is decided by the same procedure used to adopt the document itself: that is to say, through a referendum. No other inventions will help.

[Ustyuzhanin] What have you been thinking about recently?

[Shumeyko] Whether Russia has a single idea that unifies everyone. Look at what is happening. The world was divided into two parts for almost a century. The United States and its satellites and the Soviet Union and its satellites. Two mighty superpowers. Regardless of what president or party was in power, the United States used to defend one and the same thing—its freedom. There are three components of freedom American-style—the market, democracy as a form of support of a free market economy, and the American way of life, which everyone used to buzz about. And what about the Soviet Union? The very same thing. The entire system of our security used to defend our "freedom" to exercise the acknowledged need to build communism. That was what we were taught: Freedom is an acknowledged need. The social above the personal. Our freedom was also based on three foundations—centralized government, a planned economy, and the Soviet way of life. And we were used to this parity. Now we are following the lead of the democratic process. With one exception: We do not have the third component. Having lost the Soviet way of life, we have not acquired any other at all.

The American way of life will never catch on in our country. I am certain of that. Look, today all parties, regardless of fundamental differences, have several ideological symbols which unify everyone. They are a strong state, the welfare of all the people, and the spiritual rebirth of Russia. Everyone is talking about this and everyone has incorporated the patriotic phraseology. I propose to take advantage of that. Overall the platform for unity can be the all-Russian idea, which I see as the unity of the three fundamental principles—supremacy of the spiritual over the material, a heightened sense of justice, and selflessness. This idea is not nationalist in character, but reflects the quality and way of life of almost all nationalities populating Russia, whose moral law was and is the priority of the spiritual principle. A strategy for developing the new Russian state will be formulated on the basis of this idea.

The Government is supposed to submit a new program in November. Based on the fundamental unifying values, we must first support science, culture, and education. That is to say, make the market economy serve the spiritual uplifting of the nation.

[Ustyuzhanin] And will the time of troubles pass?

[Shumeyko] It will last almost 10 years—from April 1985 when the haphazard contradictory activity of the

CPSU began. August 1991 led to the collapse of the CPSU and the Soviet Union. The communists said that Yeltsin, Kravchuk, and Shumeyko destroyed the union. That is pure deceit. The USSR collapsed through the efforts of those who created it, the CPSU itself, above all by the efforts of the communist parties of the Union republics. In Belavezhskaya Pushcha, thank God, they managed to hold on to something at least. October of last year put an end to communism as the basis of state development. Not the idea itself—every person can dream of happiness, equality, brotherhood, and a classless society. October put an end to the soviets as a form of government too, bringing us closer to world values. We have now changed over to a different society. How successfully we grow into it depends on strong power. There is no greater misfortune for a country than decrepit, anemic power. For that reason, the faster we acquire and crystallize unifying values, the better chance there is that we will live in a strong Russia. My political creed is to strengthen state power.

#### **Gaydar Interview on Ruble's Crash**

954F0179A Moscow MOSKOVSKAYA PRAVDA  
in Russian 18 Oct 94 p 2

[Interview with Yegor Gaydar, leader of "Russia's Choice" party by Viola Yegikova, MOSKOVSKAYA PRAVDA correspondent; place and date not given: "Everyone Pays for the Government's Mistakes"]

[FBIS Translated Text] Precisely two weeks before the memorable "Black Tuesday," when the national currency was dealt a profound knockout, at a meeting with journalists, Yegor Gaydar expressed his fears regarding the possible development of events in the country's financial market. Alas, his fears were justified, and quite naturally we just had to touch on this subject during a conversation with the leader of the "Russia's Choice" faction this past Friday.

[Gaydar] There were several simple things behind the stable dynamics of the ruble exchange rate, which we had gotten accustomed to over recent months. Rubles had become more profitable for investment than dollars. The interest rate was higher, and since last autumn the government had begun to print just a little less money. Rubles had stopped falling with inflation, people no longer avoided the nation's money, and little sprouts of stabilization had begun to appear.

Unfortunately, though, there were a great many people who tried with all their might to spoil these shaky sprouts of stabilization that had only just begun to appear. There were conversations - at the highest level of amateurism - to the effect that, you see, our inflation is too low. This unprecedented 5 percent could be 6.5 and still industry, agriculture, etc., could be maintained. They talked about this without understanding that a blow to the national currency is always, in the final analysis, also a blow against industry and agriculture.

Since April the government has gradually begun to give in and has increased the printing of money substantially. When the government pumped 13 trillion rubles into the economy, supposedly into "the North and agriculture," all the smart people in the Central Bank and the Ministry of Finance understood that this colossal amount of money would not go to any North. It would go to the currency market!

And then the Central Bank committed a number of very serious errors in controlling the crisis. If they had given 13 trillion, they should have immediately raised the rate on ruble deposits without waiting for the collapse of the currency, and they should have done this in August. But the Central Bank made no decision before "Black Tuesday" on increasing interest rates. Besides, they agreed for the Savings Bank to lower interest rates on people's deposits, which was absolutely unacceptable.

To go on, the Central Bank had significant currency reserves; we had created them over a two-year period. The Communists left us nothing, and we accumulated more than five billion dollars. This is what made it possible to control the market, if only no fatal mistakes were made. But the Central Bank, by printing 13 trillion in worthless money and not raising the discount rate, begins to hold the course, using currency reserves. The Central Bank senselessly throws out 3 billion dollars and then says: "Sorry, the money is gone and there's nothing to be done about it." This quite naturally brings on a panic, a completely destabilized currency market, high inflation expectations, and enormous possibilities for gambling on the rise and fall of the ruble's exchange rate. Thus a heavy blow is dealt to prospects for the country's economic recovery and the welfare of its citizens.

[Yegikova] Do you consider that all this is the result of amateurish measures, and do you rule out a conscious calculation?

[Gaydar] Without a doubt, one must mention the main factor, the political weakness of a government that has given in to the agrarians and Communists. This also stimulated the crisis. We warned in the spring that the budget was too large and that there wouldn't be enough revenues to finance it! And if you finance it you'll get accelerated inflation and a destabilization of exchange rates.

[Yegikova] You spoke of the economic consequences, but there are also political ones. Lack of confidence in authority has really intensified recently.

[Gaydar] The opposition will always gamble on such problems and will always push the government toward possible mistakes, so that they can derive the maximum dividends from these mistakes later on. This was wonderfully evident in the events of recent weeks, when it

became clear that the forces that stimulated the crisis are not answerable for anything.

As regards the democrats, I'm glad that on Tuesday in the Duma there will be a conference of the democratic factions to discuss the fundamentally important questions regarding the government and the Code of Civil Law. This is the first joint discussion for working out a unified position, and, I hope, not the last. [Yegikova] Your faction has more than once criticized the government, saying that it is time to shift to open opposition.

[Gaydar] You see, it's the easiest thing to oppose and say: "I'm not at all responsible for that." And the main thing is I really am not responsible, because our chances to influence the situation are extremely limited. You don't like the government? We don't either. So let's win the next elections!

But one must realize that if we don't support the government today, there is an enormous risk that power will get in the hands of people who really could ruin the economy and everything that we have managed to do. Remember 1991? I remember it very well too. So I very much don't want the result of my beautiful gestures to be that in three months we will have a situation like 1991. Our main goal now is not to allow the economy to be ruined. After all, it's the funniest thing that our enemies will ruin the economy, while we will nevertheless bear the responsibility for this. How many times have we predicted the present situation - only maybe we didn't scream it out - but many now will claim that all this is the consequence of the reforms, the fault of the market, Gaydar, etc. And a great many will believe it...

We have to win the elections. What must we say to people so that they will support us? As always, the truth. The truth is that the future of the country, all the same, is our responsibility, that it has no other way to civilized life than that which we propose, that a great many responsible and reasonable people understand this, and that, despite the fact that they often quite justifiably curse authority, they have no desire at all to return to the past.

But today much, very much depends on the unity of our actions in preparing for the elections. Truth is on our side, but this is a complex truth. You don't need either a mind or organization to go out into the square and yell that everything is the fault of the Jew-Freemasons. A great deal is needed to explain what really is happening. That's why I would like for as many worthy people as possible would join our "Russia's Democratic Choice" party. Together we can save the country's future. Viola Yegikova.

The contact telephone  
for the "Russia's Democratic Choice"  
is 229-55-56.

**Conference on RF Local Self-Government Problems Held**

*954F01424 Moscow NEZAVISIMAYA GAZETA in Russian 19 Oct 94 p 6*

[Article by RIA-Novosti Correspondent Mariya Domnitskaya, special for NEZAVISIMAYA GAZETA, under the rubric: "Zemstvo": "Power on a Voluntary Basis Is Not Power—Leave Local Problems to the Organs of Local Self-Government"]

[FBIS Translated Text] The conference "The Zemstvo and Modernity: Problems of Local Self-Government in the Russian Federation" that took place in Saratov assembled quite a few officials and famous political names: Russian Government Vice Premier Sergey Shakhray; Russian Zemstvo Movement (RZD) Chairman Yelena Panina; Claude Egi [transliterated], Council of Europe Local and Regional Government Congress chamber chairman; Anatoliy Sliva, State Duma Local Self-Government Issues Committee chairman; Aleksandr Kazakov, chief of the RF president's administration for work with territories; International Russian Club President Mikhail Bocharov; Republic of Mordoviya Armed Forces Chairman Nikolay Biryukov; and others.

Two hundred sixty seven representatives of 30 Russian regions and delegates from Sweden, Belgium and Switzerland participated in the work of the conference. Today there are quite a few people who doubt the advisability of conducting such measures, they say, times are hard and local leaders are more interested in finances, fuel and sewage systems than in shallow conversation. However, as Conference Chairperson Ye. Panina and S. Shakhray point out, conferences like this should assist in the formation of public opinion which in our country still only weakly affects the adoption of laws and the choice of paths for the development of society.

Specifically, the RZD is very alarmed by the individual provisions of the government draft law on the organization of local self-government in the Russian Federation. In Ye. Panina's words, the current centralization strengthens the nomenklatura's unlimited power which "sits on the money bags and 'envoys' from the regions go begging to it. If matters continue to develop in this manner, the center's relations with the regions could become complicated".

Shakhray was more categorical: "Russia will not be reborn without local self-government". In his opinion, right now Russia faces two paths that will either transform it into a police state or into a strong federal formation with developed local self-government. Having chosen the latter, the democratic way, we will have to resolve three strategic tasks: create a socially oriented market economy, a system of local self-government, and a federative state. Local self-government, the vice premier stressed, can only take place in this triad.

There were many serious speeches of a theoretical context at the conference like, for example, that of RZD

Council Member Professor A. Zhuravlev: "The Territorial Community as the Primary Base of Local Self-Government". Or a practical speech, like the report of Penza Oblast Administration Head A. Kovlyagin "On the Mutual Relations of the Organs of Local Self-Government with the Organs of State Government of RF Subjects". Saratov Oblast Rural Council Chairman T. Napalkova's speech was the shortest and most emotional. "Power on a voluntary basis is not power at all," she said. "Competent people who know the law are needed to make important decisions."

The interested and constructive discussion of the conference's participants also indicated, besides the significance and relevance for Russia of the issues of local self-government, the growth of the influence of the zemstvo movement in the country. Right now RZD organizations have been founded in 58 regions. The RZD has initiated an election campaign to the local organs of power among the population.

**Victories Claimed in Chechnya 'Pyrrhic'**

*954K0227A Moscow MOSKOVSKIYE NOVOSTI in Russian No 50, 23-30 Oct 94 p 10*

[Report by Lyudmila Leontyeva under the rubric "Chechnya": "A Pyrrhic Victory, Mountain People Style"]

[FBIS Translated Text] Chechnya is demonstrating examples of Pyrrhic victories, mountain people style: Both the opposition and Dudayev's ruling regime loftily announced to the world their victories. The storming of Groznyy by the opposition, which was unable to seize the presidential palace and pulled back to behind the Terskiy ridge, was proclaimed by oppositioners a "successful combat reconnaissance." In reality, judging by the forces (all combat-worthy units) thrown into this battle, what we see here is making the best of a bad bargain.

The opposition's bold offensive enraged General Dudayev. Four days later, his supporters descended on Urus-Martan, Gekhi, and Goyty—the bases of Beslan Gantemirov, commander of the provisional council's joint armed forces. After a seven-hour battle, Gantemirov's troops retreated, having lost seven. The number of civilians killed or fatally wounded—48. The regime is celebrating a victory, which the opposition also with good reason considers an apparition: The price was the lives of 137 Dudayev supporters. The regime had not yet known such losses.

There is no clan left not lamenting the death of clan members who found themselves on different sides of the barricades. Rallies are held continuously in the republic. Last Sunday in Urus-Martan a huge rally demanded in the form of an ultimatum that Dudayev "stop the war against his own people and voluntarily resign." In Groznyy, a permanent rally is under way for the second week, which denounces not so much opposition leaders

as their relatives to the tenth generation. The "genetic roots" of the Chechen president's enemies—Avturkhanov, Khadzhiyev, Khasbulatov—are being discussed. It turns out that the former apparently has Kabardin roots, the second—Avar, and the latter—Cherkess. The "scientific research" into their genealogical trees, which provided an impetus for the mass interest in the ethnic roots of prominent oppositionists, was conducted by Dalkhan Khozhayev, chief of the department on archival affairs. He pronounced these people "not pure Chechen." One has to know clan traditions and ways in order to understand the transparent goal of this attention to "genetic roots." A "non-genuine" Chechen has no chance of rising to the upper floor of power. Even if he is an authoritative personality such as Salambek Khadzhiyev—scientist, research institute director, and the last all-Union minister of the petroleum chemistry industry.

Khadzhiyev explains his withdrawal from political struggle, in which he used to play a prominent role, by precisely this factor. European-educated and democratically minded, Khadzhiyev realizes that he cannot break the "Asian" in his compatriots' consciousness. And his chances of heading the post-Dudayev government are minimal. Cutting off contenders in the struggle for power this way, the regime insidiously hammers into the mass consciousness the idea that there is no alternative to Dudayev: It is better to have a "true Chechen" at the helm than a "mixed blood."

In the context of genetic "impurity," many opposition members cannot count on victory in the elections after Dudayev's fall. Participation in the provisional-period government is as far as they can rise politically. Apparently, high-ranking bureaucrats in the Russian president's circle are also gradually arriving at this conclusion. They are disappointed in the opposition, which is "getting nowhere," despite the assurances until lately that "the question of the regime's fall is a matter of several days." The sign of this coolness is the absence of Russian reaction to the massacre of civilians in Urus-Martan and adjoining settlements. Zaindi Choltayev, chief of staff of the provisional council's administration, rejected this version but did acknowledge that the opposition headquarters "feel that there are conflicting views in the Kremlin on Russia's further actions with respect to Chechnya."

If those who are skeptical about Kremlin's support for Avturkhanov win, Doku Zavgayev will be the Kremlin's only chance. He is the last secretary of the Chechen-Ingush Oblast Communist Party Committee swept away by the "Chechen revolution." The first "pure" Chechen in the history of Soviet power to reach complete power in the republic. An experienced courtier, who inhabits today the Russian president's administration, Zavgayev has not made any false steps in the Chechen confrontation. He understands better than anyone else all the peculiarities of the national psychology. While the fight is on in Chechnya, Zavgayev stays in the shadows—in

Moscow. And remains the main chess piece on the board, waiting for the time when Russian bureaucrats decide to play another Chechen game.

#### More on Ebert Poll of Military Personnel

*954K0224 Moscow ARGUMENTY I FAKTY  
in Russian No 43, Oct 94 p 2*

[Unattributed report: "Whom Do the Officers Trust?"]

[FBIS Translated Text] It is somehow not customary to poll officers in our country. The military, we believe, should carry out an order, not discuss it. Our Russian tradition has been broken by the Germans—representatives of the Moscow branch of the German F. Ebert Foundation, who conducted an anonymous poll of 615 officers of the Russian Army in various military districts.

According to this poll, in circles of the top officers of the Russian Army Boris Yeltsin is no longer a president of whose policy they approve. The responses to the question: "Do you agree with the way in which Boris Yeltsin is handling his duties as president of Russia?" were as follows:

No—59 percent

Yes—17 percent

Don't know, did not want to answer—24 percent.

Boris Yeltsin enjoys the greatest support currently in the missile units; there is a particularly negative opinion of him in the air force and the navy.

The following politicians and military figures were appraised negatively by the officers even more often than Yeltsin:

Gorbachev—by 79 percent—Zhirinovskiy—69 percent—Khasbulatov—64 percent—Burbulis—64 percent—Volkogonov—63 percent—Gaydar—60 percent—Anpilov—59 percent—Sobchak—58 percent—Makashov—56 percent—Shumeyko—54 percent. Yelena Bonner—53 percent—and Grachev—52 percent—are rejected the same as Boris Yeltsin.

The majority of top officers trusts Deputy Defense Minister Gromov (54 percent); only 17 percent reject him. Thus Gromov is almost as popular among the officers as Lebed, general of the 14th Army in Moldova, who is trusted by 57 percent of the officers.

In the lead among active politicians of the Russian Federation are the economist and reformer Yavlinskiy (44 percent trust, 26 percent reject) and the present prime minister Chernomyrdin (36 percent trust, 31 percent reject). Zyuganov, incidentally, is trusted by 30 percent, rejected by 42 percent, and Major General Rutskoy is trusted by 30 percent, rejected by 46 percent.

**Plans To Instigate Conflict in Latvia Warned**  
**954F0178A Moscow MOSKOVSKAYA PRAVDA**  
**in Russian 15 Oct 94 p 5**

[Interview with Colonel Viktor Alksnis by Vasiliy Chuchupal; date and place not given: "Colonel Alksnis' Warning"]

[FBIS Translated Text] Big politics is a narcotic that is hard to resist.... Some people immediately want to play for high stakes, some are content to keep a low profile just as long as they can stay in the big game, some fire cannons, and some hold press conferences to announce that they have returned and will be taking the lead.... You can judge for yourselves the category of politicians to which Viktors Alksnis belongs, but we will follow our tradition of asking all sorts of questions without adding any comments of our own....

[Chuchupal] Viktors Imantovich, they say you finally got a certificate for the privatization of your home in Latvia....

[Alksnis] They are lying. I gave up my official apartment and I am now living not in Latvia, but 80 kilometers from Moscow, in a house built by the Riga Air Army. I got the apartment in the conventional way. I have been living on a pension since October 1992, and I am in the reserves.

[Chuchupal] Some people start a new life when they "make the transition" to a pension. What about you?

[Alksnis] My life is still the same. You obviously do not read the Western newspapers.

[Chuchupal] No, I do not. Do you tell them more than you tell the domestic press?...

[Alksnis] I tell them everything I can.

[Chuchupal] In the past you counted Messrs. Baburin, Pavlov, Astafyev, Zyuganov, and Makashov among your colleagues, but what about now?

[Alksnis] I am still in favor of consolidation, but this has been impeded by the ambitions of those leaders. Still, I like Sergey Nikolayevich Baburin more than the rest. He is one of the few honest men in politics. As far as negative personalities are concerned, the list is quite long—starting with Gorbachev, Yeltsin, and so forth....

[Chuchupal] What about the other group? Anpilov, Barkashov and, for instance, Limonov....

[Alksnis] There are some differences between them. Anpilov is the leader of the most orthodox communists. Barkashov is a national socialist, and Limonov is a centrist. I cannot accept nationalism in any form. It would be a mistake to turn Barkashov into a national hero. When his campaign platform says that inter-ethnic marriages should be outlawed, excuse me, but I cannot go along with that gentleman's ideas! I feel that he is doomed and has no future.

[Chuchupal] What about Zhirinovskiy? What keeps him from being a national hero?

[Alksnis] Your sarcasm is misplaced. Zhirinovskiy is not as simple as he seems.

I have known him since 1990 and, I repeat, he is far from simple. He is a serious politician, and not all of his ideas are deranged and demented. Just look at how he is being reviled and attacked, particularly for his "Last Assault on the South." The press ridicules him, but Grachev and Yeltsin are calling the Northern Caucasus Military District the Russian Army's main assault base. For some reason Russia has a strong yearning for the Transcaucasus and wants to establish military bases there. In other words, Zhirinovskiy voices certain ideas, and the president and minister of defense act on them.... With whom does this district in the Caucasus plan to do battle? With Saudi Arabia? With the Middle East? This is, after all, what Zhirinovskiy proposes. He is not as simple as you think....

I was extremely disillusioned by his behavior after the elections to the State Duma. How could he make those accusations and allegations! And then what did he do in Strasburg? He attacked the journalists, and the crowd that had gathered to see him.... In general, he attacked everyone.

The problem is that we do not have a national leader. Everything would be much simpler if we did. Unfortunately, I am not suitable for that position either. I cannot meet the requirements. I could not have sent unarmed people to Ostankino, even if I had thought that this might be necessary. I could have gone there myself, but sending others....

It is becoming clear that blood is the lubricant of the locomotive of history. Rutskoy sent people there then, and now he has earned some political capital from this.

[Chuchupal] What do you think could save the country? Perhaps...a coup?

[Alksnis] No! No coups. When Kravchuk follows the example of Shushkevich and buries himself completely, it will be Yeltsin's turn. He cannot keep the economy under control, and there will be early elections and mass strikes....

[Chuchupal] Let us talk some more about you.... What, if anything, gives you a headache?

[Alksnis] The same things as before—the problems in the Baltic zone.

[Chuchupal] Are there problems in the Baltic zone?

[Alksnis] There always were. What is wrong with you? Have you been asleep for the last five years?

[Chuchupal] Let us say that I was asleep....

[Alksnis] All right, let us say that.... You were not the only one who was asleep and is still asleep. The present

state of society is the state of fitful sleep brought on by hunger pangs. While you are sleeping, however, certain groups in Moscow intend to use the experience of Nagornyy Karabakh and the cis-Dniester zone to draw Latvia into Russia's orbit. In other words, they will use the same scenario that was played out in the Transcaucasus. Latvia, in their opinion, is the best place to stage this scenario.

[Chuchupal] Then you should tell us about those people and their scenario. Someone might listen....

[Alksnis] I do not want to reveal everything I know, but I can say that there is a quite definite scenario: The "security" corridor will be breached along the Daugavpils—Jakabpils—Riga axis with a brutal ethnic cleansing of the Latvian population that will drive so-called Latvia to its knees. You realize that the consequences could be quite serious. We could have the Balkan situation just 900 kilometers from Moscow.

I cannot reveal my sources, but I assure you that they are quite trustworthy, informed sources.

[Chuchupal] Are you waiting for bloodshed?

[Alksnis] I could tell you everything, of course, but what good would it do? Would it change anything? I told Yeltsin about the Baltic problem five years ago, two days before the start of the First Congress of People's Deputies of the USSR. Former Gosstroy Deputy Chairman Boris Nikolayevich Yeltsin received me in his office. I brought him documents from Latvia about the plans for the ethnic cleansing and infringement of the rights of Russian citizens. Yeltsin slapped me on the back and replied: "Don't worry, we will not let this happen. We stand behind the union...."

A little over a year and a half later, Yeltsin came to Jurmala on vacation (he likes to take his vacations there). At that time, after the elections, Russians with personal experience of all of the joys of life in Latvia were begging to see him. He was active in political affairs and received delegations from the popular fronts, movements...in general, everyone. But he did not receive a single member of the Russian community. Not one....

The day when Yeltsin came to the session of the Latvian Supreme Council, stood on the rostrum, and—in his "man-of-the-people" manner—began singing the praises of the democracy that had been achieved in that state, may have been the most depressing day of my life. At the session he said that all of the talk about the harassment of Russians was absurd and ridiculous. He went on to say that he had just seen how a democratic state should be built. More than anything else, I wanted to look into Boris Nikolayevich's eyes and ask: "What can you possibly mean by that?"

[Chuchupal] Is there really no possibility of averting conflict in the Baltic zone?

[Alksnis] Unfortunately, my capabilities are limited. Everything will depend first on the Government of Latvia, and we have to remember that the conflict can only be resolved before the first shot is fired. Otherwise, how can we explain to the people afterward why one person was shot in this building and another was stabbed in that one? No one will look into the reasons. They will take revenge and defend themselves.... Then the troops will get involved. They will kill someone else while they are trying to restore order, and then the people will take revenge against the troops, and this will go on and on indefinitely—until it starts a world war....

[Chuchupal] I am having trouble understanding you again! You say that there are plans for a war, but you refuse to tell us the details and give us any names and titles. Are you afraid of someone?

[Alksnis] I cannot change anything. Moscow has made its move, and now Latvia has the initiative.

We have to convince the world public that the problem of human rights in the Baltic zone has to be addressed in the appropriate manner. Only the world community can force (I stress this word) the Government of the Latvian Republic to amend the citizenship law and thereby alleviate the problem.

Otherwise, God forbid, we will see the start of something so shocking! After 31 August, after the withdrawal of the last Russian troops from Latvia, the radical nationalists who want seats in government will begin evicting Russians from their homes. They will incite a small rally, a little demonstration, a minor civil war. They will begin deporting people.... The Russian news media will stir the people to action with reports that "our people are being beaten," tens of thousands of people armed with sticks will gather somewhere near Pskov, and then.... All of this is quite simple to organize, after all: It will not be the armed forces in an assault on independence, but seemingly spontaneous public indignation at the news that "our people are being beaten."

[Chuchupal] Who will give the order to open fire?

[Alksnis] The first shots will be fired from that side, the Latvian one. They have already heard enough orders of that kind, and up to now everything was avoided only by a miracle.

Major altercations have also been avoided so far by the detention of Russian generals and attacks on soldiers and officers.... There have already been dozens of these incidents. So far, luckily, there has been no rampant carnage.

[Chuchupal] Incidentally, do you believe, as Makashov does, that our generals are appointed in Langley and the Pentagon?

[Alksnis] No. Things have not reached that point yet. There are certain clans in Moscow that promote their own people.

[Chuchupal] Which clans? Are there many?

[Alksnis] There are enough....

[Chuchupal] Can you name them?

[Alksnis] If I name names.... They will condemn me later....

[Chuchupal] For what?

[Alksnis] For saying that the Ivanov or Petrov clan is pulling its retainers in certain directions.

One thing is clear: We are speeding toward the abyss....

#### Reports on Federal Counterintelligence Service Activities

##### Introduction by Stepashin

954Q0033A Moscow ROSSIYA in Russian No 39,  
12-18 Oct 94 [Signed to press 11 Oct 94] p 8

[Article by Sergey Stepashin, director of the Federal Counterintelligence Service: (No title)]

[FBIS Translated Text] Today ROSSIYA is kind enough to grant us the opportunity to discuss the Russian Federation's Federal Counterintelligence Service [FCS] and our everyday work.

Taking into consideration the name of the newspaper, I would like to address you, the newspaper's readers, primarily as citizens of a great country—as Russians, as compatriots who are hurting for Russia and experiencing great difficulties for it and its welfare. I believe that during recent tempestuous years we were able to differentiate between our true friends and our imaginary ones, between those who are becoming billionaires and those who have only gray hair and heart attacks. I think that today there is no longer any need to prove for yet another time the need for the existence of Russian security agencies, which are protecting the security and interests of the individual and the state. During the three years since August 1991 we have experienced several fundamental reorganizations but nevertheless we have continued to operate.

As for working not personally for oneself, it is no secret that anyone who has quit his job at a security agency gets a job with a much better salary, but, most importantly, he acquires spiritual calm. Because the current employees of the counterintelligence service have been bearing the brunt of the offenses and claims that people accumulated during all the years of the Soviet authority. Yet, while being under that kind of psychological pressure, which often is undeserved, those employees nevertheless have succeeded, within the framework of the opportunities presented to them, to execute their duty to the Homeland.

In January 1994 a completely new security agency—the Federal Counterintelligence Service—was created. Currently it is in its breaking-in phase, in the process of

adjusting all the links in the mechanism. Unfortunately, everything does not depend upon us—we operate within the framework of laws, and they do not always keep up with the new way of life.

##### Wiretapping Procedures

954Q0033B Moscow ROSSIYA in Russian No 39,  
12-18 Oct 94 [Signed to press 11 Oct 94] p 8

[Article by Vladimir Murashkin: "The 'Electronic Ear' Is Sometimes Sensitive and Sometimes Deaf"]

[FBIS Translated Text] The topic of listening in to telephone conversations is an inexhaustible well for various conjectures and indignations that disturb not so much the minds as they do the hearts and souls of everyday people. How could they not do so! On what basis?

But if one shifts from the emotional sphere to real-life existence, a more sober explanation will appear.

First, according to statistics, for every 100 inhabitants of our country there are fewer than 20 telephones, and half of them are official ones. So, out of ten people who own a home telephone (those lucky individuals!), only one can potentially be "bugged." The other nine people without telephones might like to dream about being potentially bugged, but there is little reason for them to fear this.

Secondly, 99.9 percent of the suspicions of having your telephone bugged are based either on your own suspiciousness or on the evaluation of your own role in history. Therefore it has already become a good tradition to blame any defects in the erratic telephone networks on equipment that is allegedly monitoring the conversations.

Thirdly, sometimes, after lifting the receiver and dialing a few numbers, you suddenly cut into someone else's conversation, becoming an involuntary listener. When that happens, do you always hang up immediately, or do you give in to the temptation of learning someone else's secret?

In this question, everything is resolved by the state's position, and it is unambiguous—in the operational-investigative activities of the law-enforcement agencies the use of operational-technical means (OTS [*operativno-tehnicheskiye sredstva*]) within the framework of the law is justified. OTS include, in addition to the secret monitoring of telephone conversations: secret surveillance; the inspection of people's homes and offices, means of transportation, and the terrain; reading of incoming and outgoing mail; and the removal of information from technical communications channels.

Of course, the application of OTS leads to a certain limitation of the individual's rights, but it is authorized for collecting information only pertaining to persons who are preparing or attempting to commit heinous crimes, basically those linked with the drug trade, organized crime, assassination attempts, and corruption.

The practice that has developed for employing OTS in civilized countries can differ both with regard to the

technology, and with regard to the number of persons who have the right to issue a sanction for using them.

In Great Britain, the procedure for monitoring telephone conversations and for reading people's correspondence is defined by a law that was enacted in 1985. However, it does not regulate the installation of monitoring devices in official areas, apartments, or personal motor vehicles, inasmuch as this is considered to be the customary operating method for the special services [intelligence agencies] and is not advertised. The sanction for using OTS is issued by the ministers for home and foreign affairs, and for affairs of Scotland and Northern Ireland.

The monitoring of telephones in France is sanctioned by the ministers of domestic affairs and defense, and by the minister of the mails and communications. This question is overseen, however, by the prime minister and persons in his apparatus.

U.S. legislation defines the use of OTS on the basis of an official warrant issued by a judge. However, in individual instances this right is also given to the attorney general. True, in this instance the obtained proof of a crime is not admissible during the judicial process.

In general, there has been a rather confused history about this question in the United States. Because, in addition to the federal laws, there also exist state laws, many of which limit more rigidly the possibility of obtaining information about citizens' private life, which should be kept secret.

In June 1991 Procter and Gamble (which currently extended its advertising to the Russian television viewer) lodged a complaint with the police, stating that an article printed by a commentator in the local press had contained information constituting a trade secret. With the court's authorization, the telephone company, in the attempt to establish the sources of the leaking of information from the company, processed by electronic computers the magnetic recordings of the telephone conversations of all of its 655,000 customers.

The 1978 U.S. law entitled "Monitoring the Activities of Foreign Intelligence Services" established standards for the use of means of electronic observance and limited the conducting of a trail or a person to the degree of guaranteeing "reasonable noninterference in his personal life." But that "noninterference" is linked in an inversely proportional way with technological progress and is constantly decreasing until the onslaught of electronics.

As early as the beginning of the 1980's the U.S. intelligence services and law-enforcement agencies were widely using in their operations electronic means of observation, including: miniature radio-transmitting bugs; electronic signalers; means for monitoring telephone conversations; automatic devices for recording telephone numbers; closed television systems; parabolically directed microphones; active and passive night-vision devices; means for radio intercept of cellular

communications networks; motion detectors that react to vibration or the interruption of ultrasonic, infra-red, and other rays; and laser monitoring systems. This list does not include devices used by the National Security Agency or the Defense Intelligence Agency, which have equipment that is more sophisticated.

The monitoring of private telephones in West Germany is stipulated by paragraph 100a of the UPK [Criminal-Proceedings Code] when it is a matter of defending the "free and democratic system or the security of the federation or one of its *Laender*," as well as in the event of a threat to the "foreign interests of the FRG [Federal Republic of Germany—West Germany]" Authorization of this monitoring is issued by judges, with the justification of the use of OTS by the Federal Intelligence Service (BND), the Federal Department for the Protection of the Constitution (GFV), and military counterintelligence (MA) being verified by a parliamentary commission. Inasmuch as the police are freed of such complications, they "listen in" much more than the special services do.

The author does not know of any official estimates in West Germany of the costs of conducting operational-technical measures, but he tentatively reports the cost of certain "services" that were published by H. Cornwall in the British "Reference Book on Industrial Espionage." For example, a professional intermediary in the field of obtaining information gets, at the beginning of his job, 100 pounds sterling, and then a similar amount for each subsequent hour of his work. A detective engaged in routine work gets 100 pounds sterling a day. Detection and elimination of monitoring devices costs approximately 300 pounds sterling a day of work, and the professional equipment that is used to resolve these tasks is estimated to cost 5000 pounds sterling.

After this tour of the special intelligence services of the far abroad, let us return home. It used to be simpler and easier to understand: you were being bugged either by the KGB or the MVD. But currently one cannot be sure, since, even according to the Law governing operational-investigative activities in the Russian Federation, the conducting of operational-investigative work is authorized for internal-affairs agencies; security (now counterintelligence) agencies; border subdivisions; the Foreign Intelligence Service; and the Main Administration for the Protection of Russia. This list was even augmented by the tax investigation service and the Security Service of the RF President, and, in addition, the Federal Agency for Governmental Communications and Information possesses unlimited technical capabilities for monitoring any individual. The sanction for using OTS used to be issued by procurators, but now this is the prerogative of judges, as in the most democratically developed countries.

What is intimidating in this entire situation is not the number of special services that, in the final analysis, are operating for the state and that are under its supervision. The threat emerges from the massive importation and uncontrolled sale into private hands throughout Russia

of special technical means for secret audio and visual surveillance and the monitoring of telephone and other conversations, and means of electronic protection and counteraction against special technology, including that of the law-enforcement agencies.

### Alpha Squad Antihijacking Exercise

954Q0033C Moscow ROSSIYA in Russian No 39,  
12-18 Oct 94 [Signed to press 11 Oct 94] p 8

[Article by Sergey Gorlenko: "A Training 'Alarm Bell' Has Sounded"]

[FBIS Translated Text] At 1100 hours on 6 October, a passenger with a ticket for the AN-24 aircraft that would be flying from Petrozavodsk to Arkhangelsk arrived at the Besovets airport in Petrozavodsk. He went through the registration and the baggage inspection, went into the passenger compartment and... threatening the crew with a pistol and a grenade, demanded that they change course and proceed to a foreign country.

We should immediately stipulate that the seizure of the aircraft by terrorists (there were two of them on board) and Operation "Alarm Bell" that followed it, to liberate the hostages—the passengers and the crew members—were not conducted in a live situation. They were part of planned exercises to give training in various elements of the operation aimed at combatting air terrorism.

The choice of Petrozavodsk as the latest in a series of test areas was not accidental. Twice the city's airport became the scene for the playing out of tragedies, which fortunately did not result in any human casualties.

July 1977. Terrorists Sheludko and Zagernyak, armed with training-type submachine guns and a grenade, seized an aircraft that was flying from Petrozavodsk to Leningrad. They demanded a landing in Stockholm, but the aircraft landed in Helsinki, where both criminals were seized, and then handed over to the Soviet authorities.

In 1990, a record year for air hijackings, in July again an aircraft that was flying from Murmansk to Leningrad was seized. The terrorist, who was "armed" with a penknife, but who nevertheless threatened to blow up the plane, demanded that the plane be flown to the capital of Finland. Instead of landing in a foreign country, the hijacker was rendered harmless by members of the Alpha squad in the Petrozavodsk airport, where the airplane landed. Other events linked with skyjackings have bypassed the Petrozavodsk airport, which is small but which has the status of an international one. However, whenever there is an attempt to seize an airplane over the territory of the Northwest of Russia, the services to combat air terrorism of the Republic of Karelia's Administration of the Russian FCS mandatorily switch into Operation "Alarm Bell."

At exercises in Petrozavodsk at which FCS director Sergey Stepashin and other FCS managers were present,

the exercise participants engaged in a number of probable situations that continue to occur in our country. They are, primarily, the seizure of criminals who had seized an airplane. The exercise participants also practiced a version of assaulting an MI-8 helicopter with terrorists on board. The situation that has occurred very frequently in recent times in Mineralnyye Vody was being recreated.

The comprehensive exercises were constructed in such a way as to make it possible for representatives of various structures to demonstrate their combat skills. The exercise participants included employees of the MVD Special Quick-Reaction Detachment; fighting men from the volunteer antiterrorist operational-combat group from the Karelian UFSK [Administration of the FCS]; and, of course, the mandatory participation of the professionals from Alpha Group. Each participant was able to show what he is capable of in a live situation.

One should not forget the important role played by the specially created staff for managing the operation. Its makeup includes, in addition to employees of the UFSK, representatives of MVD, the transportation procuracy, and the Department of Air Transportation. After receiving the command to begin the operation, all the members of the staff operated precisely, without asking any extra questions, and, actually, there simply was no time to ask them. The operations staff, as is supposed to happen in a live situation, was headed by General-Major V. Pronichev, chief of the Karelian Republic's UFSK.

Constant two-sided communication was maintained with the crew of the "seized" airplane and with the "terrorists" themselves. Thanks to the prompt and skillful actions of the staff, it soon proved to be possible to free some of the hostages, but also, most importantly, to obtain reliable information about the intentions and personalities of the terrorists themselves.

One recalls the statement made by Alpha Group veteran Valeriy Bochkov, who currently is chief of the volunteer antiterrorist FCS operational-combat group: "As has been confirmed by medicine, a person can remain in the highest state of stimulation for approximately one and a half hours. Then his aggressiveness begins to drop sharply, inasmuch as corresponding processes are occurring in his blood. When the peak of aggressiveness passes, it is generally possible to get the terrorists to make concessions and thus to free some of the hostages."

The decision to assault the aircraft is made by the staff at the moment when not a single minute can be lost, when any delay would be "fatal." The command was issued and a few seconds later the "terrorists," in handcuffs under a convoy of burly fighting men, walk down the gangway. Other combat-training measures that were demonstrated in the capital of Karelia ended in a similarly clear-cut manner.

And although statistics state that the number of attempts to hijack aircraft has fallen as compared with the beginning of the 1990's, we must not delude ourselves by the

hope that things like this will never happen again, because the events this year in Mineralnye Vody attest eloquently to the obviously premature nature of such a conclusion.

Currently a Special Operations Administration is being created within the structure of the Russian Federal Counterintelligence Service, and one of its tasks will be the combatting of terrorism.

### Antinarcotics Activities

*954Q0033D Moscow ROSSIYA in Russian No 39, 12-18 Oct 94 [Signed to press 11 Oct 94] p 8*

[Article by Aleksandr Mukomolov: "If You've Met a Nigerian, Watch Out—He Might Be the Same Color as Heroin"]

[FBIS Translated Text] The monster by the name of the drug business includes within itself the production of drugs, their delivery to the place of disposal, the sale of the drugs, and money-laundering. It is useless to fight each individual part of the monster. The defense reaction that is typical of the drug business, and what is called autonomy in biology, enables that business to reject immediately a part of the body and then, under conditions of safety, to restore it. New plantations, new laboratories, new "camels"—drug carriers—and new places for investing the dirty money.

The experience of fighting the drug business requires suppressing the monster all at one, by attacking all the parts of its body simultaneously. Therefore, for the FCS Section for Combatting the Illegal Trade in Drugs the restoration and maintenance of steady links with their associates in the former USSR republics, despite the ups and downs in the political climate, has been and continues to be a vitally necessary task. On the basis of bilateral treaties, interrelations have been established with the special services of Kazakhstan and the Central Asian states, Belorussia, and Ukraine.

In July of this year an operation to stop smuggled shipments of marijuana from Kazakhstan to Russia ended. The events developed as follows. In March the Customs Service of the Republic of Kazakhstan discovered in the stream of international mail a package containing marijuana. The package was addressed to Novosibirsk. Associates of the Kazakhstan National Security Committee had no difficulty in restraining the person who had sent the marijuana and in making a check mark in their list of results in fighting the drug business. However, they acted differently. A joint study of the entire chain of drug dealers began. The participants in the operation were joined by specialists from the FCS Economic Counterintelligence Administration, and associates from the UFSK for Novosibirsk and Irkutsk oblasts, Altay Kray, and the Republic of Sakha.

When the picture of the arrival of the marijuana from Kazakhstan to the gold-mining rayons of Yakutia changed from individual fragments into a single whole, the time came to implement the plan that had been prepared. In Kazakhstan, Novosibirsk, and Yakutsk, eight participants in the criminal group were detained, 35 kilograms of marijuana were seized, as well as large amounts of money in rubles and currency, and an investigation is under way.

Afghanistan to Tajikistan to Kirgizia to Uzbekistan to Russia—that is a complicated path for politicians, but not a complicated one for the drug dealers who chose to supply Moscow with opium.

From 3 through 15 June, associates of the counterintelligence and security services of the CIS countries carried out a series of operational measures in accordance with the method of "monitored delivery." Some of the raw opium was received "without any problem" in Moscow, after which the entire criminal group of drug dealers was eliminated: five citizens of Tajikistan, two citizens of Armenia, and two citizens of Russia. In addition, more than 5 kilograms of raw opium of Afghan origin was seized; it had a total value in black market prices of approximately 200 million rubles.

On 22 June eight foreigners (seven citizens of Nigeria and one Tanzanian) were detained while attempting to sell a consignment of heroin in Moscow. Most of them were in Russia in an illegal status. In addition to the heroin, authorities confiscated from the detained individuals a large number of blank foreign passports that had been made out for citizens of Nigeria, Sierra Leone, Trinidad and Tobago, Tanzania, and Liberia. It is noteworthy that two days after the operation twelve more Nigerians who had been living illegally on the territory of the Russian Federation applied to the UVIR [Visa and Registration Department] in the capital, with the intention of flying back to their homeland urgently.

Thousands of Nigerians who remained in Russia after training or who entered our country during the period when there was a loss of the proper monitoring of the presence of foreigner on the territory of the Russian Federation made no attempts to get jobs as janitors, window washers, or sanitation workers. The most enterprising ones engaged in the illegal shipping of their compatriots to the United States and Western Europe, as well as in a business with superprofits—the delivery of drugs. Couriers shuttling back and forth along certain channels were quickly noticed by the FCS. The heroin was delivered from the countries of the "golden crescent" by some couriers, and then transferred in Moscow for export to Europe by others. The Nigerians also established contacts with the Russian criminal world, creating in many Russian cities so-called branches for selling some of the drugs on the territory of the Russian Federation.

### Statistics on FCS Activities

954Q0033E Moscow ROSSIYA in Russian No 39,  
12-18 Oct 94 [Signed to press 11 Oct 94] p 8

[Article by Yevgeniy Dashkov: "Facts and Figures"]

[FBIS Translated Text] It would seem that the readers might like to become acquainted with certain statistical information about the results of the activities performed by the security agencies. Inasmuch as 1994 is not yet over, we offer excerpts from the report of the Russian Ministry of Security (the RF MB [Ministry of Security] was abolished by Presidential Edict dated 21 December 1993), entitled "Results of the Operational-Investigative, Investigative, and Preventive Work in 1993."

We are publishing the report in an abridged form and are also omitting certain information that constitutes a state secret:

—274,403 archival criminal cases were sent to the procuracy and courts, on the basis of which 84,019 citizens were rehabilitated, and 16,309 persons were refused rehabilitation;

—506,873 archival documents were declassified by expert commissions for open use;

—the illegal actions of 20 persons involving "betrayal of the Homeland in the form of espionage" were interrupted, and eight criminal cases for which 11 persons were brought to criminal responsibility were initiated;

—66 groupings (486 participants) and 116 individuals that issued appeals for illegal actions or that committed actions aimed at the forced overthrow or change of the existing social and state system, the inciting of national or religious hatred, or the organizing of mass disorders were identified;

—517 accidents at sites in industry, life support, transportation, and communication were prevented; 15 instances of hijacking of means of transportation with the attempt to take them out of the country (including those at the stage of preparation for the commission of the crime) were prevented; and 196 hostages were freed;

—402 criminal cases involving "corruption in agencies of state authority and administration" were initiated, in accordance with which 677 persons were brought to criminal responsibility;

—744 criminal cases involving "smuggling" were initiated, in accordance with which 947 persons were brought to criminal responsibility; smuggled objects with a total value of 25,938 billion rubles (in 1993 prices), and currency with a total value of \$4,588,262 and 112,881 Deutschmarks were confiscated. On the basis of materials provided by the security agencies, the customs department confiscated and transferred to the state as income smuggled articles with a total value of 32,412 billion rubles, and currency with a total value of \$6,917,330;

—on the basis of materials provided by state security agencies, the illegal exporting of industrial of raw, strategic, and other materials with a total value of 338 billion rubles was prevented;

—195 criminal cases involving the "illegal trafficking in drugs" were initiated, in accordance with which 326 persons were brought to criminal responsibility, and 2803.1 kilograms of narcotics were confiscated;

—in the process of operational-investigative activities, 3700 firearms were confiscated; on the basis of information provided by security agencies, other law-enforcement agencies confiscated 23,372 firearms;

—in the fight against "criminal formations using methods of coercion, the activities of which threaten the security of the state and society," the activities of 257 criminal formations with a total of 1821 members were interrupted.

### REGIONAL AFFAIRS

#### Tatar President Speaks at Soviet Session

954F0114A Kazan RESPUBLIKA TATARSTAN  
in Russian 18 Oct 94 pp 1-2

[Text of speech by president M. Sh. Shaymiev at the session of the Republic of Tatarstan Supreme Soviet on 13 October 1994: "We Have Only One Task—Improving the Life of the People"]

[FBIS Translated Text] "Khermetle khalyk deputatly!"  
Esteemed people's deputies!

The discussion of the questions posed in the first part of this session, those most important questions which will determine the political and socioeconomic status of our Republic in the future, is coming to an end. In the last session, we adopted the concept of reforming the representative and executive branches of power. Yet another stage of this important path has passed. All the laws necessary for this project, including the laws on elections, were adopted in the first reading. I think that the deputies and the Supreme Soviet as a whole will hold to the deadline, although not very much time remains, and at the next session will adopt a decision to make the appropriate changes in the Constitution and these laws themselves and will lay the foundation for holding the forthcoming elections of our new parliament. If in response to the comments and proposals of deputies made during the discussion of these questions, I was to present my view of them, I would say the following.

When people were talking about a multiparty system, for some reason the question was raised in such a way that if elections were not held on the basis of party rolls, then there would be no multiparty elections. I think that the population and all of us must have a complete understanding of this question. When members of all parties registered in the established manner have the right on an

equal basis with all other candidates to be nominated and be elected, it is undoubtedly a more appropriate and fair scenario at this stage.

Elections based on party rolls are simply one of the forms of multiparty elections, and at one time I proposed this form of multiparty elections, but you rejected it. I want to say one more thing. Experience shows that none of the parties in the Russian Federation State Duma which came to power on the basis of their own rolls now take even the least responsibility for the state of affairs, unfortunately. When things got difficult for the president and the Government, everyone proved to be in the opposition. Everyone has assumed the posture of critic and does not make any constructive proposals to bring the country's economy out of the state of crisis. I would hope that this will not happen to us.

Judging from the speeches of some of our deputies at the present session, one gets the impression that they did not work in parliament at all for 5 years and do not bear any responsibility for the state of affairs in the Republic. It turns out that today the rostrum is already being used to start the pre-election fight. I think that the population should know about that. Taking into consideration that the pre-election campaign is approaching or it has already begun at this session, I want to say that undoubtedly the president will have his own view of the direction of the election campaign. And in necessary cases he will use his influence on it to prevent extremist forces from coming to power. Because, and I have already talked about this more than once, the coming of extremist forces to parliament would be a disaster for Tatarstan, whatever side they came from. There are now considerable extreme nationalist and Russian chauvinist sentiments. The president will do everything possible to ensure that this does not happen in Tatarstan. Tatarstan is destined to a centrist position, to pragmatism, and to a considered approach for all time; that is a feature of its policy.

In my opinion the very important question of the name of our representative organ was not touched upon in this session. If there are no proposals from deputies on this score, the president or the government will make their own corrections. I already said before that the most acceptable name for the representative organ of power in the future, in my opinion, would be the People's Assembly. Examination of the experience of many countries regarding this shows the predominance of the name People's Assembly. Then in order of popularity come State Assembly and then State Soviet. Either I will make this proposal or it will be made by others before 20 October; I think we will have to return to examining this question, since when the concept of reform was adopted, it remained an open question.

The discussion on the question of the role of the heads of administration of cities and rayons in the future structure of state power was a very probing one. This question occurred to me. This structure or institution of state

power can indeed be criticized today; the president and the Cabinet of Ministers are also being criticized. I cannot imagine how these critics would conduct state policy locally if they came to power—for they would have to govern the Republic. After all, loud pronouncements are one thing, and being in power and managing the society is something quite different. The people will ask, how are things going? One thing after another must be decided. Consequently, if we are thinking of the Republic's welfare, before we say anything, each responsible person must truly think about it. Who can say that it would be easier to work and you would not waste so much nervous energy if the institution of head of administration were not needed? Does someone think that the heads of administration are not working much? This is work which demands enormous responsibility for the state of affairs. They have so many cares on their shoulders!

In this stage of development, the institution of heads of administration will and should be strengthened, since that is what the transition period demands. Tell me, which one of them has committed violations, and what kind? Why does no one talk about whether there has been even one case where the head of administration was appointed without the consent of the soviets? No, everyone is silent. Because there are no such cases. Because the president did not and does not permit that. No matter how difficult it may be, the consent of the soviets is needed in deciding these questions, and it will be obtained.

The soviets are the representatives of the population and the administrative rayon where the appointed head of administration must work. And let us not decide for them and for the population which through its soviets gives consent to the appointment of heads of administration. Then there is the Law on Local Self-Government and so forth. Who can say whether there was even one case in some soviet during this period when a head of administration evaded his duty and did not report to the soviets? Perhaps some had to make themselves do it, I do not rule that out. Yes, there were such cases in the first days when certain leaders entered this path unwillingly. But I categorically demanded: There is a Constitution and there is a statute, they are required to make reports and be accountable. For this is a report to the population through those same soviets. That is how it will be in the future too.

The speeches of R. Altynbayev and several other deputies dealt with very important questions regarding the activity of the heads of administration perfectly correctly. In fact, in demanding popular elections of the heads of administration, many critics are not thinking about what road the heads of administration will now have to take in connection with the forthcoming elections. For they will largely be elected to the republic-level representative organ or will go through elections to the city and rayon representative organs of power. Just what

other popular election can we demand of a person when the population has already shown their trust in him by electing him a deputy?

I can agree, but with just one condition. If the head of administration does not obtain the public's trust during the election campaign, or if he runs for the supreme organ of representative power of the Republic, the rayon, or the city and is not elected, neither the Cabinet of Ministers nor I will work with that head of administration. This is not a whim. The president simply cannot appoint a person as head of administration if he has not obtained the public's trust. This is an altogether democratic, civilized solution of the question. Consequently, doubts on this score are groundless and far-fetched. They are also far-fetched from another standpoint. In July we adopted the concept of reform, and in accordance with it, we also adopted the necessary laws in the first reading in this session. But we are switching to local self-government only on the level of cities of rayon subordination, worker settlements, and rural soviets.

And certain deputies must certainly not come forward and demand, on the one hand, that not even the rural soviet be abolished, to say nothing of the city and rayon soviet, as is being done in the RF, and on the other, criticize and demand that the post of head of administration be an elected post at a time when we are leaving organs of state power on the level of the rayons and cities. They do not consider here that if we do not want to disband the rural soviets, then organs of state power would remain there and executive organs of this power would be formed in a way similar to how they are formed today.

It is another matter if we are to extend local self-government to the level of the rayons and cities. Undoubtedly then, the heads of administration would have to be elected. But at that point even the president would not raise the question in the same way as he is now. But we are deliberately moving to self-government only on the level of cities of rayon subordination, worker settlements, and rural soviets. And for that reason we must not raise a racket over all this and give the population false information. Our positions here are perfectly clear and responsible. What I am saying today I will also have to carry out, if you and I adopt such a Concept.

Look at the response of the mass information media and the world community to the edict of President B. Yeltsin on appointing heads of administration in oblasts, krays, and capital cities during the transition period. Most have agreed that in this case it serves as an instrument for protecting democracy. I can even read the wording used, how these results were formulated. The mass information media of foreign countries consider Yeltsin's edict a measure that logically fits the situation of the transition period. That is information for you to think about. For we are speaking of this not because someone needs more power. The point is that in this period strong power is

needed as never before. Unfortunately, in some oblasts and krays where young people have become governors and other administrators, loudly proclaiming democratic principles, they have in fact accomplished nothing. These leaders, not possessing the levers of management or actually destroying them out of lack of skill, have no v brought things to the point where they often resort to dictatorial measures, like shutting down mass information media they do not like and many other things alien to democracy.

That is what we must fear. But what our Supreme Soviet is deciding today and the president supports is democracy in action; we should be glad of that. It is good that we are not straying into extremism. Unfortunately, so many events which are far from democratic norms and principles are occurring right next to us. Every day you see this on television, hear it on the radio, and read it in the newspapers. Consequently, what you adopted in the first reading I unquestionably consider the most acceptable step for this stage of development of our society, one which serves as a guarantee of continued stability in our Republic.

Questions of economics. Undoubtedly all the CIS countries are in a most serious situation. But we have not hidden the fact that we are in this situation. At the same time, I want to emphasize that we have not been in this slump long compared with other regions. We delayed the onset of the decline in the standard of living due to the collapse of production, while this is the fourth year most of the population of other oblasts, krays, and republics have been experiencing it. And our task is to get out of the period of depression and minimize it soon. A depression as such is unavoidable when the structure of society and the structure of the entire economy are changing. Like it or not, we are in a unified economic space and are undergoing this revolutionary and at the same time evolutionary process. And trying to make an object of criticism out of this, shutting our eyes to everything that we have done and are doing, is at the very least populism. In such a situation, instead of recommending something and introducing something positive, the easiest and most irresponsible way is to become the opposition, distancing oneself from the so-called unpopular measures of the president and the executive branch of power.

The decline in production overall this year will evidently be around 28 percent. There was a marked recovery in September—there was only an 18 percent decline. But I do not have any illusions, since in September many enterprises stepped up work a little after summer vacation, using the reserves accumulated during the summer. And the oil industry undoubtedly started to work better. That was what influenced the results.

But I cannot agree with the one-sided information spread by an opposition group of deputies at the start of the session. If they are responsible people, then why do they not give the reasons or at least one of the reasons for the decline in Tatarstan's industrial production?

Why have they forgotten the ashes from which one of the major plants, KamAZ [Kama Automobile Plant], rose? We must not forget the percentage of the Republic's industrial output KamAZ used to and does now provide. To get the population to like them, some people are carrying it to the point of absurdity when they make attempts to even out the levels of decline. But our deputy corps has a 5-year service record. They know that even during USSR times a decline was planned in Tatarstan's economy as compared with many other regions. The reason is that while at one time we produced 103 million tonnes of oil, now we produce 22-23 million tonnes of it a year. And who can claim that this planned decline has little relative significance? We are the people who ratify the budget and prognoses of the Republic's socioeconomic development.

I think that misuse of this information without an appropriate analysis is ignoble behavior. Yes, I agree, any data can be given, but then they must be given in comparison, with analysis. These two reasons, of course, contributed to the marked decline in our Republic's industrial production.

If you remember, I said repeatedly that no matter who claimed that the Russian economy, and hence the economy of everyone who is in this space, would begin to stabilize by the end of the year, I objected that there were no serious grounds for this, since production was declining.

That is just what happened. Look at what is happening with the ruble. With this decline in production, it could not be otherwise. The cover over hidden inflation has been torn and a Russia-wide scandal has occurred. It may lead to higher prices. Yesterday a kilogram of meat cost 10,000-12,000 rubles [R] in some Moscow stores. That may raise the anxiety of the leaders of the Russian Federation. If the Central Bank has enough capital, there is the possibility of artificially supporting the rate of the ruble even longer. There is no other way. In any case, the ruble will gradually lose value in the future.

In such conditions it will undoubtedly be very difficult for us. We will have to take steps to prevent a sharp drop in the standard of living, above all to prevent, to some degree, a rise in the prices for basic foodstuffs. All this will once again be reflected in the budget's expenditure subheadings, where expenditures for the countryside predominate. Let us free prices for foodstuffs, we have the reserve. But none of the deputies is proposing such measures. They are unpopular measures. But this period cannot be overcome without them. Why am I talking that way? Before the session started, I inquired about what parts of the Volga Region are paying the wages raised as of 1 July in connection with an edict for the Russian Federation. They were increased, but there is no money in local budgets. In this case, I think, we approached the matter perfectly realistically, in view of the stipulation: "where there is capital in the local budgets." This is also an unpopular measure.

Many deputies even now are talking of the need to define priority directions. But meanwhile they have been defined on the basis of the fulfillment of the Supreme Soviet's decision on emergency measures to normalize the economy. We made purchasing agricultural output a priority. This year we managed to do this for the first time without resorting to high-interest credits. Of the R180 billion needed, we managed to pay R100 million using internal resources. That is an enormous matter. And speaking of the countryside only from the opposite standpoint (I mean the speeches of the people's deputies F. Bayramova and G. Shchaykhiyev, and in part that of F. Saliullin) is ignoble. This is not the first time I have suggested that you make a quick trip to just one village and find out if everything in the countryside is as it seems to you. This year we gave the countryside complete freedom in selling its output. At present the countryside is asking us to buy additional grain. We say: We have enough, deal with it yourselves. As of today we have bought 850,000 tonnes of needed cereal grain. The Republic's farms are offering more. Moreover, the Republic's farms have stored about 110,000 tonnes of grain. And at every session you continue to claim that the peasant is being smothered with state orders.

Unfortunately, there are no miracles in the world. The record harvests of recent years are not a miracle. They are the excellent result of the policy followed by the government in the agricultural sphere. We never used to get a harvest larger than the average for Russia. Today the yield in the Russian Federation is 17.5 quintals per hectare, in Bashkortostan—15.7, in Ulyanovsk Oblast—19.5, in Saratov Oblast—11.2, and in Samara Oblast—13.7 quintals. This year Stavropol had a smaller harvest than Tatarstan's. We get 26.5 quintals per hectare. In terms of yield we are behind Krasnodar and several other oblasts. If it were not for the target policy to support agriculture, we could not have done this. The population must be told that even with a shortage of capital, an enormous amount of money is being directed to development of the agroindustrial complex. That would be more correct, esteemed deputies.

We must also tell the people that taking into account the subsidies, purchase prices for agricultural output—grain, meat, and milk—are much higher here as compared with neighboring republics. It is not without reason that neighboring regions turn to us offering to sell agricultural output. We do not buy it, since we must support our own commodity producer.

That is the essence of the policy which we are following in the countryside. While some deputies want very much to please rural voters, I ask that in your emotional speeches from the rostrum of the session you use the objective evaluation I have given. Consider that I helped these deputies in formulating their pre-election platform too.

We are very grateful to the laborers of Arskiy Rayon who, according to preliminary data, obtained 49 quintals! Baltasinskiy Rayon had 46, Atninskiy—45, and

Tyulyachinskiy—more than 41 quintals per hectare. What a leap Vysokogorskiy Rayon made—36.5 quintals of cereal grain per hectare, Kukmorskiy—more than 33, Buinskiy—33, Tukayevskiy—more than 31, Apastovskiy—31, Pestrechinskiy—30.5, and Sarmanskayay—30.2 quintals. I will say one thing to you—no matter how much the Almighty may have helped us, it is impossible to achieve such results without a policy of support. If someone can do this using other methods, we are ready to learn from them.

Take feed availability for animal husbandry. In Tatarstan, not counting cereal grain and mixed feed, 26 quintals of feed units were procured per standard head of livestock. The corresponding figure for the Russian Federation as a whole is 12.4, in Bashkortostan—14, in Udmurtia—14, in Mariy El—14.2, in Chuvashia—15, in Ulyanovsk Oblast—16, in Saratov Oblast—9, and in the Volga Region—14.5. This suggests that the Republic's population can relax: It will be supplied with foodstuffs for the next year and a half.

On the minimum living standard. An objective approach is needed here as well. Today Tatarstan and Ulyanovsk Oblast remain, if I may put it this way, the cheapest regions. Undoubtedly, we are spending a considerable amount of budget money to do this, whether certain deputies speaking from the rostrum of the State Duma like it or not.

I will cite data on the minimum living standard for August, since there is no newer data. In Tatarstan R69,300 is spent per family member, R90,000 in the Russian Federation, and R77,100 in Nizhniy Novgorod. In fact, the average wage for us is R190,500 a month, R232,000 in Russia (including the Far North, note), and R203,000 in Nizhniy Novgorod. At the same time, the cost of the group of the 19 major food products is R44,500 in Tatarstan, R61,600 in the Russian Federation, and R57,000 in Nizhniy Novgorod. We must certainly take that into account.

In this way, if we correlate the cost of food products and the average wage, the standard of living in Tatarstan is even cheaper. Moreover, as of 1 January, the Republic's population had R70 billion in savings, and R203 billion as of 1 October. In recent months, the population's savings have been increasing at the following rate: in July—by more than R20 billion, in August—by R28.9 billion, and in September—by R28.3 billion.

A few words about unemployment. Of course it will grow. But as of now Tatarstan has one of the lowest levels of unemployment. In relationship to all working people in our Republic, 0.6 percent are unemployed (11,300 people), in Bashkortostan—1.1 percent (20,300), in Chuvashia—5 percent (28,000), in Nizhniy Novgorod—1.8 percent (32,000), in Kirov Oblast—more than 6 percent (47,000), and for the Russian Federation as a whole—2 percent. It will not bypass us, we must be prepared for this.

We decided the question of raising wages for workers of budget organizations on 1 October. Now that it has been decided, we must find the means. That is a large sum.

On supplying the population with medicines. You know that adjustments have been made in the corresponding decision of the Cabinet of Ministers. There were possibly shortcomings in it, but there were also advantages. Assigning patients to hospitals for free treatment, for example, and other things. I believe that back then we did not have enough preparatory work or patience for explanatory work. Fulfillment of the new decree also requires good organization. The impossible populist demands of certain leaders of public movements are one thing, while being constantly responsible for people is something else altogether. State organs no less than anyone else feel for the elderly, but the problem is the deficit in budget capital. I think that we will be able to meet the 50th anniversary of the Great Victory properly.

As for amendments to the budget, they must be adopted. If we do not, we will still have to live on our present income. Of course, we cannot realize a great deal of what was proposed in speeches today. We will live based on the requirements of strict conservation of capital, since we cannot do otherwise. There are many problems, but they all come from objective reality. For example, oil is being sold at half the planned price. Another critical problem is nonpayments. If not for nonpayments, we would not have today's problems. Then we could fully ensure fulfillment of the social program—the Republic's economy allows that. The gap in the planned level of growth in wholesale prices has added new problems to the existing ones, as you know. We have a shortfall of about a trillion rubles in income, so we must reduce expenditures. And attempts to move money from one budget subheading to another is a useless pursuit.

In regard to the program of economic and social progress, work on it must continue. I think that after the people's deputies adopt the concept of it, more intensive work will occur. It must be truly designed for the Republic's social progress for a few years in advance. But at the present time, we must all do more efficient work on the emergency measures to normalize the economy. On my part I have one thing to say—these questions are reviewed by the president every week and operational measures are taken.

A little about my visit to France and the United States. I recently made a trip to expand our Republic's foreign ties. They will continue in the future. Otherwise, it will be impossible to join the world community and no one will know anything about Tatarstan. Allow me to mention that these trips are not easy in any sense, and they certainly are not cheap. They are made using capital from the budget. The president will not travel at someone else's expense. One cannot travel around on a deputy's earnings either, incidentally. I can say just one thing—with each trip progress was noted in that more and more people know about Tatarstan. Highly placed

officials and the presidents of many major companies of France (Buig, Total, Syukden, Tomson, and others) say outright that they must work directly with solvent republics and regions of the RF. The same opinion is infiltrating the organs of power of the United States of America too. Harvard University, where I gave a lecture, is the brain center for the study of many world problems. They began to study the problems of resolving conflict situations during the collapse of empires in depth before we did, using the model of Tatarstan as the basis. That is the significance of the political path which we are taking during these years. We possibly do not always exactly appreciate many phenomena, since we are concerned with other, ongoing matters. But the world has begun to talk about us and show enormous real interest in us. At the prestigious National Press Club in Washington, which is full of journalists and prominent politicians, I was told that there is high regard for our policy and our work. Because, thank the Lord, not one life has come to an abrupt end on the grounds of interethnic relations. They hold Tatarstan's Treaty with Russia in much higher regard there than we ourselves possibly do. Although virtually no one in the Republic is criticizing this Treaty any more today.

The notion of Tatarstan within the walls of Harvard University gives a good picture of our Republic, and without this it would be difficult to cooperate with the United States, and in fact throughout the world.

At Harvard University we also met with the president of the Monitor firm at the School of Business; it is involved in working out economic development strategies for various countries. In principle we reached agreement on jointly formulating programs of economic development for Tatarstan, among them ways to convert the Republic's defense complex.

The meetings at Harvard University were the main purpose of our trip. Nonetheless, the delegation decided a number of practical questions. Among other things, a credit agreement for 253 million dollars for Tatneft [Tatarstan Oil] was signed at the U.S. Export-Import Bank, and we reached agreement in principle on allocating another credit in the amount of 100 million dollars to build a terminal on the Kama. Several other projects will be reviewed.

Esteemed deputies! I would like to add this to what I have said. It would be a noble thing if political parties and public movements joined together for the constructive purpose of working to strengthen the state system of our Republic and to improve the well-being of our people. But joining together for the purpose of denying what has been accomplished is hopeless. Extremist forces must not join with other extremists. Because, God forbid, if they come to power, extremists always forget that they once acted together. We always know the results of these unions and rifts.

In conclusion I want to say that the growing world interest in Tatarstan is, I think, the result of our Republic's special role in the reform of Russia, political stability, and the absence of conflicts in Tatarstan. And henceforth each of our steps should be focused on developing broad democracy for the good of our multi-national people.

#### Caucasus Revival Fund Chief on Conflict in Chechnya

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in Russian No 42, 21 Oct 94 p 5*

[Article by Yusup Soslambekov, chairman of the International Fund for the Revival of the Peoples of the Caucasus: "Russia and the Caucasus: Will Trust Be Regained?"]

[FBIS Translated Text] The conflict in the Chechen Republic did not arise by chance. Like a time bomb, the causes of the present armed confrontation were planted several years ago, when the interests of Russian political forces clashed in the Caucasus. Yusup Soslambekov, chairman of the International Fund for the Revival of the Peoples of the Caucasus, reflects on possible paths to a peaceful way out of the Chechen crisis, and on what is expected of Russia in the region.

The end of the 1980s is probably the place to start. Ruslan Khasbulatov's star was rising fast in Moscow. The talented and industrious Moscow higher-school professor who was able to quickly orient himself in situations impressed Boris Yeltsin's team.

At that time the democrats yearned to teach a lesson to the leaders of the Federation's components who had attempted to block their assumption of power. The choice fell on Doka Zavgayev, first secretary of the Chechen-Ingush CPSU Oblast Party Committee and chairman of the republic's Supreme Soviet. He had at first come out quite frankly against the referendum on instituting a presidency in Russia, and then had supported the candidacy of N. Ryzhkov. This is where Khasbulatov's abilities proved useful.

A nationwide congress was held on 23-25 November in Groznyy. That was when Gen Dzhokhar Dudayev first appeared in the political arena. This was no accident. It was Khasbulatov who had recommended that the Moscow leadership use the first Chechen general as a battering ram against Zavgayev, who was held in considerable esteem in the republic. At the congress, Dudayev was elected deputy chairman of the Chechen All-National Congress.

In those days we sincerely believed that we were overthrowing a totalitarian system. We believed that Russia's leadership really was supporting democratic forces in the republic. From the very first days of the open-ended rally that began on 20 August 1991, the deputies of the current minister of internal affairs, chairman of the KGB and procurator general were in Groznyy; they suspended the

operations of those agencies in Checheno-Ingushetia and helped ensure the safety of participants in the rally.

On 15 September Khasbulatov also came to Groznyy and announced the dissolution of the Chechen-Ingush Republic Supreme Soviet. A Provisional Council was appointed, the task of which was to prepare and conduct elections. Khasbulatov was extremely interested in strengthening his positions in Chechnya and placing his own people in office. After holding talks with Dudayev, Khasbulatov returned to Moscow.

Two days later President Yeltsin sent Burbulis and Poltoranin to Groznyy. They brought Dudayev a proposal that he be transferred to Moscow and appointed chief of staff of the Air Force with a promotion to the next general's rank. But Dudayev turned down the offer and decided to run for the office of president of the republic.

For a while I succeeded in persuading Dudayev to withdraw his candidacy. But an order had already come from Russian Minister of Internal Affairs Dunayev for the arrest of the republic's five leaders, including me and Dudayev. At this point Rutskoy flew in. A meeting with the Provisional Council was unproductive. The angered vice-president returned to Moscow and demanded in the parliament that he be given two divisions and authorized to smash the republic and arrest the rebels.

Nonetheless, Dudayev ran in the elections and on 27 October 1991 became president. Moscow immediately refused to recognize the election results. On 8 November Yeltsin's edict imposing a state of emergency was announced. I was acting minister of defense at the time and took part in negotiations. The Russian side was represented by Rutskoy, Barannikov, Yerin, Yarov and Anikeyev. We were given an ultimatum: bring the bodies of authority in the republic into conformity with the RSFSR Constitution.

That is how the confrontation between Russia and Chechnya was artificially created.

Up until 1993 the Russian leadership had only one interest: removing Gen Dudayev. All the while, Moscow calmly watched a mafia group gradually take over power in the republic, appropriating and squandering the national wealth. Moscow interfered in nothing. And you will recall, on 4 June 1993, when Dudayev disbanded the city assembly and the parliament in Groznyy, the Russian leadership remained silent.

The autumn of 1993 brought adjustments in the situation. Khasbulatov himself ended up in the role of the head of a disbanded parliament. His return to Chechnya and all his subsequent actions have been an attempt to return to the Russian political stage.

Naturally, that does not please the present federal authorities. Therefore, their policies have changed. First of all, Russia has announced its support for the opposition and thereby stimulated armed clashes. Second, the

Russian special services and mass media have been doing everything they could to create a distorted image of the Chechen people as an assemblage of cutthroats and terrorists.

What is happening to the Chechen people today is a tragedy. Since 4 June, when blood was shed, I have not considered it possible myself to cooperate with Dudayev. To kill one's own people and say it is for their own good is not my principle. But the situation in the republic today is such that any independent attempt to take part in political processes draws monumental armed opposition from Dudayev.

And in order to ensure his own safety, a politician must turn into the leader of an armed group. That is what happened, for example, with Khasbulatov.

That is why I have ceased political activity on the territory of the Chechen Republic. But I do care what is happening in my homeland. What I want most of all is to avert a fratricidal war. I hope that the people of the Caucasus will have their say.

Perhaps it makes sense to postpone the issue of Chechnya's sovereignty or status until better times, until the sides have learned political flexibility and high diplomacy and will act out of the interests of their own citizens. Then the great power Russia will regain the lost trust of the peoples of the Caucasus.

#### Impact of Kuzbass Miners' Discontent Noted

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in Russian No 43, Oct 94 p 6

[Article by Vladimir Savichev and Igor Morzharetto: "Is Kuzbass for Zhirinovskiy?"]

[FBIS Translated Text] It was only yesterday that there was a big fanfare in their honor; white-toothed smiles of bemedaled heroes were a fixture on television; the entire country was proud of them. Today miners' strikes have become routine, evoking no reaction either from the local administration or the government or the president, to whom the miners had always been the first to give the greatest support in critical moments of modern Russian history. Now only perhaps the fair falcon Zhirinovskiy drops in for a day or two—to commiserate.

Actually, the purpose of Zhirinovskiy's latest visit was his burning desire to "sort things out" with the local administration head M. Kislyuk, who on the previous occasion did not give permission for the airplane carrying LDPR [Liberal Democratic Party of Russia] members to land in Kemerovo airport. And, of course, he rubbed shoulders with ordinary folks. The "Wolfovich," as someone with a slip of the tongue called him at a rally, exhorted the gathering to immediately organize general elections and berated the authorities—especially local "thieves and scoundrels," whom he would "personally shoot upon becoming president." But otherwise he said precisely what people wanted to hear: Wages are not

being paid—he will pay them; mines are being closed down—he will not let this happen; if they do not like their boss—he will fire the guy, but if they do like him—he will let the guy stay.

His departure was even more fun. The bus carrying the deputies was late, and V.Zh., who arrived earlier in a Volga, blasted the entire airport management and for good measure the oblast legislative assembly chairman, A. Tuleyev. "Are you the boss here or what?" was the liberal shouting. "Tell them to hold the plane!" Noticing an NTV correspondent filming the scene, the State Duma deputy set his bodyguard after him: "Quickly, break this f... camera! Quick!" The "young falcon" hesitated at first, but when the patron called him an animal and promised to fire him, he decided not to break the camera but did confiscate the tape. Then someone reported that there was a bomb on the plane. A three-hour search produced nothing, and the chief "falcon" departed for the capital. As fate would have it, on the same plane was M. Kislyuk, who managed to escape the promised slugfest by sensibly changing to a seat another cabin.

#### **Why the Heck Do We Need Such Property?**

But this is all trifles as compared to the slugfest the region is facing. It is hardly necessary to say how hard and dismal life is for Kemerovo Oblast residents even in comparison with the average statistical Russian. There are, however, facts one has to simply accept: More than 300 "successful" suicide attempts are registered annually in Kemerovo, for each one of which there are 10 "unsuccessful" ones. The total rate in the oblast is 2.5 times higher than the all-Russia average. Hopelessness is probably the most precise and all-encompassing definition of the psychological state of the society in the region, whose backbone are the miners.

In order to somehow attract attention, Sudzhenskaya mine workers recently blocked the Trans-Siberia railroad for four hours. The losses resulting from this action exceeded hundreds of times over the total amount of wages that have not been paid to the miners for several months. And how to pay them, considering that instead of the 1,500 tonnes of coal a day envisaged by the plan, slightly more than 30,000 tonnes were produced over the past three months? Rosugol is threatening to declare them bankrupt. But how can they work if the equipment was already old in Stakhanov's times, and there is nothing to live on and no place to live?

Leaving aside the nuances, the policy of the authorities and Rosugol bosses boils down to the following: We will close the mine anyway, but if you keep quiet, we will throw some food and support your way for a while. And what then? Who needs 200 pauper, homeless families from just one mine?

But Sudzhenskaya is an objectively unpromising mine, unlike the leader Raspadskaya. People are not paid regularly there either: Customers do not pay, or railroad

rates go up, or coal quality is "not what it should be." All hopes are pinned on Rosugol. Which says: You are the owners now, so deal with it on your own. One can find money, of course, but only in exchange for 25 percent of the stock. So they held back for a while—but is there a choice? They agreed. Now many are having second thoughts: "Why do we need this property at all?" "Why do we need this empty paper called stock: Let Rosugol take everything back as long as our wages are paid regularly."

#### **Bitter From Germany, Coal From Australia...**

Except that where is the guarantee that the new owner will not fold the entire coal production in the region, as specialists from the International Bank for Reconstruction and Development advise? On their recommendation, 200,000 of 270,000 miners jobs should be cut by 1997. And instead?

One can understand the world bankers: Russia owes them a lot of money and cannot get out of the situation on its own. So they advise folding coal production, because this sector "bit" a huge chunk out of the budget pie this year (more than defense or agriculture, by the way). Maybe we really do not need the coal; maybe this sector does indeed have no future?

"Kuzbass is one of the best export basins in the world," believes Doctor of Science V. Yavlevskiy, a leading researcher in the Coal Institute of the Russian Academy of Sciences Siberian Branch. "It currently has 70 billion tonnes of prospected reserves. This is an equivalent of 20 years of the entire world production. Producing electric power from coal is twice as cheap as from oil, and oil not burned in a boiler produces twice as much export revenue. In the United States coal accounts for 55 percent of electric power generation, while we have brought this share down to 14-16 percent. The entire world is increasing coal production, while we plan to fold it. If we follow the advice of Western well-wishers, in seven years we will be bringing coal to Kuzbass from South Africa, Australia, and the United States. Polish coal has already made its way to the Urals."

Well, this is what the market is about: Everybody buys what is cheaper and more profitable. But why is it that in our country everything that is our own is expensive and unprofitable? Why are prices for everything higher than world prices? It is unprofitable to grow grain, and so is making vodka from it. Meat, milk, coal, steel—everything is unprofitable! It has even become cheaper to vacation abroad. If we go on this way, it will soon become unprofitable to live in Russia! Which sectors will we be advised to fold after coal—agriculture, defense?

Yes, new technologies require money, which the government does not have. For five years we have been told that we need to develop small and medium-size business and take the tax noose off the neck of producers. And throughout these five years the state has been strangling them all with taxes. That is why taxes are not paid and

the money is taken abroad instead: According to specialists' calculations, last year about \$35 billion left the country. Had production been alive, perhaps something would have been invested in what is our own, domestic.

### So What Will Happen to Kuzbass?

"Most likely the International Bank's demands will be accepted," believes economist-sociologist P. Byazyukov. "Moscow will gradually shut off the subsidy faucet. For the territory, the result will be unemployment and economic depression. Like England in the past, after the miners, metallurgical, chemical, and power generation industry workers found themselves on the street. I saw these dead towns, from which people cannot move. Having gotten rid of coal subsidies, the British continue to pay money from the budget to the region: Social benefits, health care (unemployment increases the sickness rate), and law enforcement organs (the crime rate increases). Social subsidies turned out to be higher than subsidizing coal."

For all appearances, the local administration has more solidarity with Moscow in these matters than with their own populace. According to the latest sociological surveys, only 7 percent of the population approve of the oblast administration's activities. On the other hand, the overwhelming majority of residents adore the oblast legislative assembly's chairman, A. Tuleyev—he is the only defender they have left (not counting visiting ones). He makes waves, exposes—thieves, he says! So they do pocket some, it is true. A criminal investigation was opened into M. Kislyuk's two deputies—for embezzlement of billions (both were amnestyed); the head of a Kemerovo Rayon administration was recently arrested—for building a personal dacha with state money. He did not even hide it and was sincerely upset: "Why me?! My dacha is the smallest in the settlement, only 15 rooms. Look at what others have built; why are you picking on the little guy?!"

Most Kemerovo residents place the main blame for the current situation in Kuzbass on the central and territorial leadership. The independent miners trade union came up with many proposals, but all were suspended in midair. Perhaps A. Tuleyev was right when he urged not signing the social accord document? What is the point if everybody still sticks to his own interests? The government is willing to surrender an entire industry sector together with the oblast in exchange for debts. Rosugol and the oblast administration must carry out the will of the government—cut coal subsidies, but having cut them, they will also "cut" themselves. As for the miners—they simply need to survive and keep their families from starving. Everybody has betrayed them: those who roused them to strike in 1991, and the president for whose sake they actually went on strike then. But nature does not tolerate a vacuum: Many would like to fill it. The aforementioned Vladimir Volfovich... And why not?

### Plant Reprocessing Fuel From Nuclear Power Stations Threatens Area

954F0145A Moscow MOSKOVSKIYE NOVOSTI  
in Russian No 36, 4-11 Sep 94 p 6

[Article by Aleksandr Bolsunovskiy, candidate of physical-mathematical sciences, executive director of the Krasnoyarsk Survival Foundation, under rubric "Polemics": "Who Will Argue With the President?"]

[FBIS Translated Text] At the height of the passions concerning "plutonium contraband," people have somehow forgotten the question, "Is the threat coming only from the 'nuclear Mafia?'" While Europe is retrieving grams of radioactive substances, Krasnoyarsk Kray is preparing to pump out tons of radioactive waste.

On the eve of his recent visit to the secret Krasnoyarsk-26, Boris Yeltsin said that we no longer need plutonium for weapons. However, after his trip to the chemical-mining combine (GKhK) [*gorno-khimicheskiy kombinat*] that produces weapons plutonium, journalists were told that the plant for reprocessing nuclear fuel from nuclear power stations (RT-2) that is being built here has to be modified.

Preparations for Boris Yeltsin's visit to Krasnoyarsk Kray were made in good time. GKhK director Mr. Lebedev and the administrators of the Minatom [Ministry of Atomic Energy] design and research institutes published in the open press a letter "In Defense of RT-2." It followed from the letter that, after the completion of the construction of the RT-2 plant, as much as \$100 million will be deducted from profit and paid into the Russian Federation budget every year, as well as millions to cover other needs. In addition, jobs will be created for 5000 workers at the GKhK. But, most importantly, it was asserted that the combine does not require any monetary funds from the government, but needs "only" to obtain the right to conclude contracts with foreign countries for the storage and reprocessing of other countries' nuclear fuel. For that purpose, we might note, it would be necessary to make an amendment to the law entitled "Protecting the Environment" and to authorize the importing, for storage purposes, of the spent nuclear fuel from other countries. The GKhK director even mentioned a number of countries in the near and far abroad that are "ready to send their spent fuel to Krasnoyarsk-26 and to pay by currency for this."

But how much study has been given to this question? After all, it was for good reason that, ten days before the president's visit to Krasnoyarsk-26, Viktor Mikhaylov, minister of atomic energy, arrived there. He signed with the Krasnoyarsk Kray administration chief a protocol in accordance with which it was planned to create a working group to study the investors' proposals. In addition, solid guarantees of financing are needed. Otherwise that financing may just remain on paper, and other people's waste products will already be in the storage facilities.

The doubts concerning the ability of the future customers of RT-2 to pay are not accidental. What countries are we talking about, first of all? They are Ukraine and Bulgaria—countries where nuclear power stations with VVER-1000 reactors are in operation. Even if it proves to be possible to find a rich customer who will pay for some of the construction, there is no guarantee that he will not change his mind a few years later. Then the RT-2 plant will stand idle. There have been examples of this in worldwide practice: the reprocessing plant in Great Britain that was built partially with money from Japanese firms and that was supposed to reprocess their nuclear fuel. But today Japan is building the same kind of plant in Japan itself, and that means that in the not too distant future Great Britain will lose a customer.

Russia can obtain new customers if it offers them its additional services. For example, the burial of other countries' waste products after reprocessing the fuel on our territory. This is being done currently at Chelyabinsk-40 at the RT-1 plant. But this is equivalent to converting part of Russia's territory into a gigantic burial ground for many hundreds or even thousands of years.

It is planned to erect the future RT-2 plant on the contaminated territory of a 40-year-old military plutonium complex. Meanwhile the technical-economic substantiation of the RT-2 plant has been deemed to be incompletely worked on by the kray's environmental protection committee. The protocol of the agreement between RF Minatom and the Krasnoyarsk Kray administration states that it is necessary to carry out an impact study of the RT-2 plant with a consideration of the latest environmental-protection requirements.

But after the president's trip to the chemical-mining combine, the planned discussion of the RT-2 problems did not occur. The president was brief: "The RT-2 must be modified! And don't argue with the president!" No one knows who exerted an influence on Boris Yeltsin to have him make such a quick decision, or what the arguments were. Is it possible that Mr. Zubov, the Krasnoyarsk Kray administration chief, knows? He himself has given the following arguments for the need to build the RT-2 plant: in Russia the number of uranium deposits is limited, but the reprocessing of nuclear fuel will make it possible to re-use the uranium. Also, less uranium will be produced and the ecological situation will improve.

That argument is very old. Not even the Minatom workers use it anymore. Russia is provided with highly concentrated uranium (after the dismantling of warheads) for many years. The prices of natural uranium in the world market are falling, since, for our former neighbors in the USSR, its sale is one of the few sources for obtaining currency. So our uranium-concentration plants today are operating basically not for Russian nuclear power stations, but for foreign ones.

The Minatom leadership, in substantiating the construction of the RT-2 plant, talks about the concept of a closed

nuclear cycle in Russia. That is only wishful thinking. It is planned to reprocess the spent fuel from VVER-1000 reactors (the quantity of which that has accumulated in the collecting area of the RT-2 plant is approximately 1000 tons), but at such time nothing is said about the fact that the spent fuel from RBMK reactors is stored without reprocessing. Moreover, it is not even planned to reprocess that fuel, although several thousands of tons of it have already accumulated. Where, then, is the logic? If a "closed cycle" has been proclaimed, then all the fuel, including the fuel from the RBMK reactors, should be reprocessed.

By the end of September the president has promised to prepare an edict dealing with Krasnoyarsk-26 and the RT-2 plant. All that remains is to hope that by that time someone will feel emboldened enough to argue with the president.

#### **Nizhniy Novgorod Moves To Improve Industrial Production**

*954F0090B Nizhniy Novgorod YARMARKA in Russian No 38, Sep 94 p 1*

[Article by Valeriy Braun: "What Makes a Power Wealthy"]

[FBIS Translated Text] On 19 September the administration of Nizhniy Novgorod Oblast conducted a large conference with leaders of the region's industrial associations, at which the draft resolution "On Immediate Measures to Support Enterprises" was discussed. The goal of this meeting was to announce the following: development of the most constructive and principled proposals, and development of a package of documents making it possible to at least partially rectify the situation.

And there is in fact something to be rectified. According to data of the oblast administration the decline in industrial production over 8 months was 39 percent of the level of last year. In this case there are no signs that the fall is slowing down, no matter what the Russian president says. Production volumes decreased in relation to 67 of the most important types of products for which records are kept. This decline was accompanied by a simultaneous price increase averaging 28 percent per month. In this case the least growth of prices was observed in light industry, while the greatest growth was in fuel and energy. Exports are growing steadily, but due to raw materials and supplies, while the proportion of machine building products within their structure is declining. As of 1 August the debit indebtedness of the oblast's industrial enterprises was 2,437,400,000,000 rubles, while credit indebtedness exceeds the former by R662,300,000,000, standing at R3,099,200,000,000; the total budget shortfall as of 1 September was over R206 billion.

The grave financial position of the enterprises is aggravated by inordinately large fines collected on the basis of

the results of an audit conducted by the tax inspectorate. In 8 months, over R400 billion were collected from the oblast's enterprises in the form of fines and penalties. A critical situation has evolved regarding nonpayments for fuel and heat. Wage indebtedness was R13,304,000,000. Working time losses increased. Production shutdowns have become a mass phenomenon.

Specialists of the oblast administration named the sales crisis evoked by worsening of the financial status of commodity producing enterprises, a fall in the profitability of production operations, sharper competition from imports, growth of fuel prices, and (for enterprises in the defense sector) a sharp decrease in state orders and the Defense Ministry's indebtedness (around R156 billion), as the main causes of the situation that has evolved in industry.

But rather than attacking the basic causes, the resolution offered for discussion attempts to somehow alleviate their consequences. Nor can we say that the resolution is unified in concept: It is more of a tossed salad of proposals collected from different departments, most of which had been implemented partly before but were not completed for various reasons or have already been completed. They include determining the list of enterprises for which targeted support would be necessary and feasible on the basis of the priorities of the oblast's development, preparations to shut down economically ineffective production operations, improvement of product quality, an inventory of state property, organization of circulation of promissory notes, and measures to keep unemployment in check.

An especially large number of these proposals are associated with the establishment of financial-industrial groups. On the good side, in this respect the administration now possesses not only plans, such as those of creating holding companies out of over 40 enterprises, with the Mezhbankovskiy Investitsionnyy Dom Joint-Stock Company at its head, but also the first successes. A cartel agreement has been concluded among three enterprises in petrochemistry: Norsy, Kaprolaktam and Orgsteklo. It is based on an idea that is not a simple one under Russian conditions: The enterprises have one possibility for surviving—selling their products. But while each plant of a production chain usually sets the price of an intermediate product independently, as a result of which the price of the final product turns out to be noncompetitive, in a cartel the intermediate product is transferred to user enterprises at cost, so that after the end product is sold, the profit is distributed among all of them. Moreover the united enterprises have been able to sharply reduce working capital (oil needed for production is purchased by pooling resources) and to obtain a deferment on tax payments, inasmuch as taxes are collected only after the end product is sold. Several more

financial-industrial groups are now being established in the oblast: Nizhegorodskiye Avtomobili, Nizhegorodskiy Khleb etc.

The directors also scolded banks not wishing to engage in long-term investments. On the other hand the banks objected, quite reasonably, that they are not shying away from investments deliberately: They are doing so due to the avalanche of defaults, absurd taxation, and the state of the stock market.

All of them complained heartily about the joys of Russian legislation (incidentally, Boris Nemtsov reported that the tax system will not undergo any serious changes in 1995), and they only added a few proposals to the resolution under discussion. One of them is to establish an oblast currency insurance fund to stimulate exports, in which banks, the administration and the enterprises would participate. Inasmuch as the idea came from Mr Brevnov, president of NBD-bank [not further identified], he will obviously also have to implement it: This respected institution will also stand to profit.

But despite the dearth of their own proposals, the directors of Nizhniy Novgorod's enterprises are not at all convinced that they have received everything possible from oblast authorities. Which is why they demanded development of a program regarding the oblast's industrial policy, the main goal of which would be to establish normal economic conditions. And as for the resolution under discussion, the governor promised to sign it after the relevant supplements are introduced (in about a week).

#### Nizhniy Novgorod Residents Polled on Elections 954F0115A Nizhniy Novgorod NIZHNEGORODSKIYE NOVOSTI in Russian 24 Sep 94 p 5

[Report by A. A. Iudin and D. G. Strelkov, sociologists from Nizhniy Novgorod State University: "Nizhniy Novgorod Residents on Elections to the Organs of Power"]

[FBIS Translated Text] In answering the question who has real power in the city, Nizhniy Novgorod residents give responses which differ substantially from their fairly loyal perception of the city's political space: They speak of the power of the mafia structures, crime clans, and speculators. Of course, these views are to a significant degree the product of the existence of certain political stereotypes in mass consciousness, but one must remember that these stereotypes are fairly durable. In any case, a lot of ordinary voters do not believe that they or the representative organs of government have power in the city. Many believe that the governor, a narrow circle of politicians, and the city and oblast administrations personally have power.

**Table 1. Opinion of Nizhniy Novgorod Residents on the Subject of Real Power in the City**

<b>Power Group</b>	<b>Percentage of Citizens Who Indicate Group Has Power</b>
1. Speculators	18%
2. Bureaucrats	15%
3. Crime Clans	18%
4. Mafia Structures	42%
5. The Governor Personally	18%
6. A Small Group of Politicians	14%
7. Managers of Major Enterprises	11%
8. Ordinary Voters	1%
9. Representative Organs of Power	5%
10. Vendors from Different Republics	6%
11. Local Entrepreneurs	11%
12. City Administration	17%
13. Oblast Administration	17%

In connection with this, the question of Nizhniy Novgorod residents' readiness to be involved in the power processes is a fairly critical one, but this involvement may in fact be realized through elections of representative organs of power and leaders of executive structures. Nizhniy Novgorod residents are markedly indifferent to the representative organs of power and do not consider them organs for fulfilling their requests and resolving their problems. To a certain degree, therefore, Nizhniy Novgorod residents would prefer to have three series of elections at the same time: to hold by-elections to the oblast Legislative Assembly and to elect the mayor of the city and the governor of the oblast (see Table 2). We should mention that the city authorities are regarded somewhat differently in different rayons of the city and different vital feelings are experienced. In this article we are examining three territorial groups: the Avtozavodskiy (Avtozavodskiy and Leninskiy rayons), the Zarechnyy (Kanavinskiy, Moskovskiy, and Sormovskiy rayons), and the Narodnyy (Nizhegorodskiy, Priokskiy, and Sovetskiy rayons).

The desire to hold all three series of elections at the same time is obviously the result of the mass voter's wish to get elections out of the way more quickly. Moreover, Nizhniy Novgorod residents clearly do not wish to deal with candidates for different structures separately. In principle, the orientation to a complex procedure is proof of greater political activism and proof of the intensity of political consciousness. In this case, the residents of the Avtozavodskiy and Nagornyy groups of rayons are somewhat notable in terms of this higher level of activism and intensity of political consciousness. It is typical that the advocates of a thoughtful attitude toward the elections according to the questionnaire said that there should be no hurry with elections, at least not with by-elections. But the residents of the Zarechnyy rayons, in contrast, aspire to put an end to elections once and for all, apparently showing a higher level of distrust in this procedure and a higher level of civic and political skepticism characteristic of them. The residents of these rayons are more inclined to view the procedures of democratic life as rather ineffective.

**Table 2. Opinion of Nizhniy Novgorod Residents on the Procedure for Holding Elections (in Percentages)**

<b>Choices</b>	<b>Sample</b>	<b>Avtozavodskiy Group</b>	<b>Zarechnyy Group</b>	<b>Nagornyy Group</b>
No Response	10	11	11	8
All Elections at the Same Time	62	56	69	61
Two Series of Elections	16	17	12	18
Three Series of Elections	12	15	8	12

Speaking of the particular times for the elections, most of the voters are inclined to have the election of the governor and the election of the mayor no later than March 1995, while a significant number would like elections to be held in November-December 1994. June 1995 seems the least desirable time to voters. But most of the voters demonstrate a low level of political

activism and state that they do not care about the time of the elections (Table 3). Here too residents of the Avtozavodskiy group are even more notable. Most voters would recommend holding by-elections to the representative organs of power in November-December 1994 and no later than March 1995.

**Table 3. Opinion of Nizhniy Novgorod Residents on the Best Times for Holding Elections (Percentages)**

Times	Election of the Governor			Election of the Mayor			By-Elections		
	Avtosavodskiy Group	Zarechnyy Group	Narodnyy Group	Avtosavodskiy Group	Zarechnyy Group	Narodnyy Group	Avtosavodskiy Group	Zarechnyy Group	Narodnyy Group
1. End of November 1994	12	16	23	11	16	23	15	19	33
2. March 1995	20	20	23	16	23	25	15	17	18
3. June 1995	4	8	6	4	8	7	3	9	5
4. Start of 1996	11	13	17	10	12	13	9	11	10
5. Do Not Care	56	39	29	57	39	30	55	39	31

Analysis of the demands for the time of elections by voters of different rayons shows that the residents of the Avtozavodskiy group demonstrate a higher level of indifference to the time. But then the position of the residents of the Nagornyy rayons is distinguished by marked interest. The activism, thoughtfulness, and individuality of civic behavior are typical of this group, although at times they also show a certain haste.

From the list of persons who are claimants to the post of governor in the forthcoming elections, the voter preferences of the Nizhniy Novgorod residents are definitely given to B. Nemtsov. D. Bednyakov presents weak competition for him, but is strongest among the other claimants. Opinions concerning who are the best candidates for the posts of mayor and governor are varied in different rayons. The present governor is the leader in all rayons and even in the Avtozavodskiy group, although here his rating is slightly lower than in the other rayons. D. Bednyakov enjoys the most popularity in the more unconventional Avtozavodskiy group. Here this figure is considered a kind of sign of

sociopolitical dissatisfaction and opposition of a fairly substantial number of residents of these rayons. At the same time, however, this group demonstrates the highest level of civic apathy and unwillingness to take part in elections, saying that they do not care who becomes governor or mayor.

**Table 4. Opinion of Nizhniy Novgorod Residents on the Best Candidates for Governor of Nizhniy Novgorod Oblast and Mayor of Nizhniy Novgorod**

Candidate	Percentage of "Votes"	
	Governor	Mayor
Nemtsov	54%	4%
Krestyaninov	3%	14%
Sklyarov	2%	21%
Bednyakov	7%	10%
Sabashnikov	1%	2%
Khodyrev	1%	2%

**Table 5. Preferred Candidates for the Posts of Governor and Mayor, in Percentages**

Candidate	Governor			Mayor		
	Avtosavodskiy Group	Zarechnyy Group	Nagornyy Group	Avtosavodskiy Group	Zarechnyy Group	Nagornyy Group
B. Nemtsov	50	55	52	4	1	3
G. Khodyrev	1	1	2	2	1	1
Ye. Krestyaninov	3	2	4	12	14	17
I. Sklyarov	2	1	3	23	19	21
D. Bednyakov	10	5	5	11	8	11
Ye. Sabashnikov	1	1	1	3	3	1
None of Them	8	17	13	9	22	16
I Do Not Care	25	18	17	34	27	20

The residents of the Zarechnyy rayons demonstrate a higher level of political skepticism, saying more often than others that they do not trust any of the claimants. The residents of the Nagornyy part are more loyal to the local authorities, although they demonstrate a higher level of individual choice, have a greater range of evaluations for the list of claimants, and are more thoughtful and rational in their choice. The voter sympathies of

Nizhniy Novgorod residents determining the most suitable candidate for the post of mayor are concentrated around the figure of the present mayor, I. Sklyarov. Krestyaninov and Bednyakov are significant and serious competition for him. Moreover, it is on questions of the election of the mayor that Nizhniy Novgorod residents most often demonstrate a level of interest and a definitive preference. Obviously, there will be a serious battle

here, and D. Bednyakov and I. Sklyarov will obviously be the main competitors. D. Bednyakov will obviously receive the most support in Avtozavodskiy Rayon. However, I. Sklyarov also has the most supporters there. We must add that the Nizhniy Novgorod residents have already somewhat left behind the election fights of the spring of this year and have forgotten about them, and today virtually no one in the city considers the candidates I. Sklyarov, D. Bednyakov, and Ye. Krestyaninov different alternatives; they are now viewed in the context of a kind of struggle. The Nizhniy Novgorod residents overall demonstrate fairly high voter readiness: Only one out of five of them is unconditionally divorcing himself from the approaching elections, while 13 percent are distancing themselves from elections on the grounds of dissatisfaction with the candidates offered.

#### Nizhniy Novgorod Postpones Mayoral Election

954F00904 Moscow *SEGODNYA* in Russian  
12 Oct 94 p 2

[Article by Vyacheslav Chebanov: "Deputies in No Hurry To Elect Mayor. In the Opinion of the City Duma Chairman, 'Citizens of Nizhniy Novgorod Would Have Supported the Present Mayor Anyway'"]

[FBIS Translated Text] The Nizhniy Novgorod City Duma decided not to schedule the mayoral election on 27 November. In an exclusive interview with this SEGODNYA correspondent, Nizhniy Novgorod City Duma chairman Ivan Karnilin communicated that the deputies had received a written request from Governor Boris Nemtsov to schedule an election of the head of the city administration, because the Russian president had appointed Ivan Sklyarov as the Nizhniy Novgorod mayor until a new administrative head was elected. But the deputies unanimously rejected this means of reinforcing the legitimacy of the local executive government.

Ivan Karnilin named the fear of disturbing the stability of government and the efficiency that has been reached

in mutual relations between the mayor and deputies, and between city and oblast authorities, as one of the reasons for refusing to conduct the election. An election might also introduce discord into the work of the economic mechanism and into efforts to solve the crime problem. Citizens of the city are troubled chiefly by this, after all, and not at all by who is in power. In Ivan Karnilin's opinion, even if an election were held, the citizens of Nizhniy Novgorod would support the present mayor, Ivan Sklyarov: Today the city needs an administrator more than it needs a politician.

There is one other thing that concerns the deputies: Will the citizens of Nizhniy Novgorod go to the ballot boxes at all? This will become clear a little later—after a year or year and a half. The city duma recommended holding the mayoral election simultaneously with the gubernatorial election.

#### Oblast's Census Results Reviewed

954K01764 Novosibirsk *SOVETSKAYA SIBIR*  
in Russian 25 Oct 94 p 2

[Article by G. Bessonova, chief of the population statistics department of the Novosibirsk Oblast State Committee on Statistics: "Demography. Pictures of Our Population"]

[FBIS Translated Text] In February a microcensus was conducted in our oblast, as it was throughout all of Russia. The study included 5.2 percent of the oblast's permanent population. And it was conducted by the oblast statistical administration. Questions were asked of 145,999 individuals, 45.6 percent of whom were men and 54.4 percent—women. In urban areas the selection included 108,571 people (74.4 percent) and rural areas—37,428 (25.6 percent).

During the five years since the 1989 census, the age structure of residents of the oblast has changed as follows:

	Total population	Including in age groups		
		young working age	working age	senior working age
<b>Urban and rural population</b>				
1989	100.0	24.9	57.3	17.8
1994	100.0	23.2	56.7	20.1
<b>Urban population</b>				
1989	100.0	23.7	59.1	17.2
1994	100.0	21.4	58.6	20.0
<b>Rural population</b>				
1989	100.0	28.6	51.9	19.5
1994	100.0	28.3	51.0	20.7

During these years because of the decline of the birth rate the proportion of children and adolescents under 16 years of age decreased by 7 percent. The proportion of individuals of working age decreased by 0.6 points. The population became appreciably older (by 13 percent). Now every fifth resident of the oblast is of pension age. These processes are typical of both the city and the country. Because of the higher birth rate in rural areas the proportion of children and adolescents in the overall rural population is higher than in the cities. At the same time the population here has grown appreciably older than it has in the cities.

As of the beginning of 1994, the male part of the population was appreciably younger than the female part. This is explained by the large losses of the population during the war years and the higher death rate among men (especially from unnatural causes of death).

The proportion of children and youth is higher among males, since there are 105-106 boys born for every 100 girls. But the death rate of boys during the first years of life is much more intense, and the number of women in each age group after the age of 30 exceeds the number of men of the corresponding age. More than 45 percent of all the males questioned were under 30 years of age, and about 63 percent were under the age of 40. At the same time, individuals 60 years of age and older make up 12 percent of the men, while among women it is 1.6 times more—20 percent.

In the villages of the oblast the proportion of women of pension age is 28.1 percent as against 26.2 percent in the cities and worker settlements. Both in the cities and the rural areas, there are 2.6 times more women of pension age than there are men of this age.

There is a smaller proportion of married people and more who are widowed and divorced among women than among men. This is brought about mainly by the fact that there are more women of older ages than there are men. The average age of men who have never married is 23.1 years, and women—25.8 (many of them will still get married); among widowed husbands—65.8, and widows—68.1. Among men who are separated or divorced, the average age is 43 years, and among women: divorced—46.4 and separated—48.2. Among men, including widowed, divorced, and separated, the probability of entering another marriage is greater than among women. Thus, according to the data from the microcensus, the number of women 50 years of age and older is 63.5 percent greater than the number of men of this age, and the number of widows and divorced and separated women of the age under consideration is 6.5 times greater.

The considerable disproportion between the numbers of men and women of older age groups and, consequently, their marital state, is caused both by the consequences of the last war and by the relatively high death rate of men. Additionally, the consequences of divorces and the death

of one of the spouses are beginning to have an appreciable impact on the older age groups.

The differences in the proportions of married men and women in the various age groups are significant. Among people of younger ages, the numbers and proportions of married women exceed the number and proportions of married men. This is explained by the fact that women marry earlier than men do. Thus, in the age group of 20-24 years, six out of every 10 men and four out of every 10 women are not married yet.

About three-fourths of both married men and married women are 20-49 years of age (among men—77 percent, among women—74 percent).

The next conclusion from the microcensus: The educational level of the population is higher than it was five years ago.

The proportion of the population 15 years of age and older with higher and secondary (complete and incomplete) education increased by 6.3 percent. The higher level of education was brought about by the fact that youth had acquired higher, incomplete higher, and secondary specialized education. As a result there was an increase in the proportion of individuals with a higher educational level. Thus, in 1994 the proportion of individuals with a higher education had increased by 16.4 percent as compared to 1989, with incomplete higher—by 26.3 percent, and with secondary specialized education—by 18.7 percent. The considerable growth of the proportion of individuals with an incomplete higher education can be explained by the fact that eight report districts formed in VUZ dormitories were included in the selection.

In addition to the increase in education of the entire population, there was a significant rise in the educational level of individuals employed in public production. While in 1989 out of every 1,000 workers in the oblast, 906 had complete and incomplete secondary or higher education, in 1994 this figure was 960.

The microcensus makes it possible to divide up the oblast population according to the length of time they have lived in their permanent place of residence and to consider the structure of migrants in terms of age and previous place of permanent residence.

Some 55 percent of the oblast's population live in the place where they were born and have never moved away from this place (moving from one village to another within the same administrative region does not interrupt the continuity of residence in a given population point); 45 percent of the population have changed their place of residence at least once in their lifetime.

Among the latter, 45.5 percent have changed their place of residence within the oblast. Another 16.6 percent moved away from the oblasts and krays of the Western Siberian Region, the largest share of individuals (7.8 percent) who selected Novosibirsk Oblast as a place of

residence being from Altay Kray. Nearby foreign countries were where 12.4 percent of our migrants came from, and there was an especially large number from the Republic of Kazakhstan (5 percent) and Ukraine (2.9 percent). Those who came from abroad make up less than 1 percent of all the migrants.

The age structure of the migrants differed sharply from the analogous structure for the population as a whole. Thus, the proportion of individuals younger than working age among migrants was 3.4 times less than the corresponding proportion of the oblast population as a whole.

The proportion of individuals of working age among those who changed their permanent place of residence is somewhat higher than the figures for the population as a whole (61.3 percent as against 56.7 percent). Almost every third migrant is of pension age, while throughout the oblast population as a whole it is just one out of five.

For the first time the microcensus program included the concept of a household. It can consist of individuals who are or are not related. A household is formed of one or more persons permanently residing in the residential premises or part of it, who pool or spend all or part of their money.

Let us consider the distribution of households according to size:

(in percentages of the total) Total households—100.0 Including households consisting of: one person—16.7 two persons—27.6 three persons—23.5 four persons—21.5 five persons—7.6 six or more persons—3.1.

The most widespread in the oblast are households consisting of two and three persons. They account for 51.1 percent of the overall number. The proportion of large (in terms of numbers of members) households was 10.7 percent.

A more complete description of households is provided by grouping them according to the nature of the relationship of the members.

Total households—100.0 consisting of: one individual—16.7 one married couple—63.8 two and more married couples—3.3 mother (father) with children—12.8 individuals who are not related—1.2 other—2.2

out of three households include a married couple (with or without children). Households consisting of two or more married couples are relatively few in number (3.3 percent). They occur mainly when married children continue to live with their parents.

The proportion of households consisting of mothers or fathers with children is relatively great (12.8 percent). They are formed mainly as a result of divorce or the death of one of the spouses. They include households consisting of a mother with children born outside of wedlock. Thus, during 1993 unmarried mothers gave birth to 5,294 children. More than 10,000 additional

children were left without fathers (mothers) after divorce. Thus, during just one year the number of incomplete families increased by more than 15,000. Living in 1.2 percent of all the households are individuals not related by family ties (as a rule they are students living together in dormitory rooms).

Figures on the distribution of the population according to economic activity and sex are of interest. Materials regarding have been developed from the microcensus for individual 15 years of age and older.

As a result of the study it was established that 62 percent of the total population belongs to the category of economically active, and their number is 1 point higher in cities of the oblast than in rural areas (62.2 percent as against 61.2 percent). The number of economically active men is 6.2 percent greater than the number of economically active women. And the proportion of economically active men in the overall number of men is 72.3 percent, and women—53.8 percent.

Of the total population, 58.2 percent are individuals with jobs or other employment, of whom 0.6 percent are students and 5.5 percent are pensioners. Among the employed population, 87 percent are hired workers and 13 percent are not hired workers. Of the latter, 3 percent are employers and 75 percent are members of cooperatives and other collective enterprises, 21 percent are independently employed, and 1 percent are unpaid working family members.

In the oblast as a whole, the proportion of unemployed is 3.7 percent of the overall population, and the proportion of men in the overall number of unemployed is 48.1 percent and women—51.9 percent. The level of unemployment in the cities is 1.5 times greater than in rural areas (4.1 and 2.6 percent, respectively).

Among those looking for work and ready to begin 2.7 percent are students, 2 percent are old-age pensioners, and 1 percent are disability pensioners.

In January 1994 the average monetary income per one resident of the oblast was R60,700 while for those under working age it was only R13,400 and for people of pension age—R53,700. It is interesting that among the richest people (R700,000 and more) the average age was 35.4 years.

With an increase in the number of household members the curve of the average per capita income shifts in the direction of reduction.

There is a direct correlation between the number of household members and the existence of their own plot of land. Thus, out of 1,000 people engaged in independent business, more than half (532) have neither a garden nor a plot adjacent to the house nor a dacha nor a kitchen garden. Out of 1,000 households consisting of three or four persons, 60 and 69 percent, respectively, have plots of land. More than three-fourths of the households with five and more persons are land owners.

The most widespread types of plots of land belonging to oblast residents are garden and dacha plots (35.6 percent of all the households with plots of land). Plots adjacent to the house account for 33.3 percent and kitchen gardens—another 12.1 percent. Almost every fifth household of those with plots of land has several types (plot adjacent to house and garden, kitchen garden or dacha plot and kitchen garden, etc.)

Such are the main results of the selective demographic study of our oblast.

**Energy Shortage, Ecological Worries Viewed**  
*954F01604 Novosibirsk VECHERNIY NOVOSIBIRSK  
in Russian 21 Oct 94 p 5*

[Interview with Anatoliy Lezhnev, chief of the city ecology and natural resources committee's atmospheric basin protection inspectorate, by VECHERNIY NOVOSIBIRSK correspondent Galina Andreyeva; place and date not given: "Does the Road Out of the Energy Crisis Run Through Your Home's Basement?"]

[FBIS Translated Text] We are looking into tomorrow with increasing alarm: Let us please get through this winter. We worry: There are not enough heat-generation capacities, and the existing ones may falter. Unhealthy—this is the diagnosis currently given by specialists to the city heat and power system, which shows all the symptoms of suffering from gigantomania, in which many see the root of the current heat supply troubles.

As to the means of curing the energy fever that alternately gives the city the cold shakes or suffocates it in hazardous emissions, there are as many opinions as there are specialists. Some persistently "prescribe," for instance, abandoning gigantic TETs [central heat and power stations] and replacing them with boilers. In each house's basement.

Our correspondent talked to Anatoliy Lezhnev, chief of the city ecology and natural resources committee's atmospheric basin protection inspectorate.

[Andreyeva] Anatoliy Ivanovich, the heat and power supply system is your main "ward." I assume you know all the strong and weak points of the city organism's main life support system. How do the ecologists see the situation? Do you also support a transition to autonomous heating systems?

[Lezhnev] I think we have to admit that whether we want it or not, it is unlikely that we will be able to avoid the process of decentralization, which, by the way, already is under way. Heat and power generation sector also is developing in this direction in European countries, which we are trying to emulate in our first attempts at market relations.

I think the causes of this shift are quite clear. With the current distances between heat sources and consumers and the truly gigantic length of the transfer networks, as

well as their poor technical condition, only half of the heat produced reaches consumers today.

[Andreyeva] Are you saying that the other half is lost in the transfer? And that R250 million are burned daily in fuel costs alone without any utility? But then that means that had the losses been not so great, the city could still use the old heat sources for a long time.

[Lezhnev] Precisely. Although this does not cover all the losses. Last year the Novosibirkenergo system alone used up 25 million cubic meters of water on the so-called replenishment of heat transfer networks.

[Andreyeva] In other words, the heat supply system used up as much water as the city uses over the year for all its other needs?

[Lezhnev] Absolutely correct. And we should not forget that this is not just water, but also the chemicals used in its treatment, which also cost quite a pretty penny these days.

[Andreyeva] But perhaps at least some of these expenditures are justified by reliability, which was always the factor in building "big-power" facilities?

[Lezhnev] Unfortunately, its reliability also is rapidly declining. Not to mention the fact that it is incapable of providing the city with even commonly accepted elementary conditions of living: Hot water is not available in many buildings for up to six months every year, and people wait in cold apartments for a month or longer for the heating to be turned on.

[Andreyeva] But the situation with respect to fuel for small boiler rooms also has become difficult. And while in the past Sovetskiy and Pervomayskiy Rayons, for instance, never had any problems with respect to heat supply thanks to these "low-power" systems....

[Lezhnev] In Pervomayskiy Rayon, since this subject came up, the problem of heat supply is especially acute. On the one hand, the TETs-5, which has a sufficient capacity reserve, could supply heat to the rayon, but the consumers cannot afford the cost of its heat. That is why enterprises stick to their own boiler rooms. Of 43 local boiler rooms, however, 40 operate on coal without practically any scrubbing. Hence the constant cloud of smoke over the rayon, with the attendant bouquet of hazardous substances.

[Andreyeva] Which mean that "low-power" systems are as harmful from ecological standpoint as the "big-power" ones?

[Lezhnev] Judge for yourself. The city's 220 "low-power" boiler rooms account for about 50,000 tonnes of atmospheric emissions. This is approximately half of the emissions of all heat-generating stations taken together.

It should also be noted that about 80 percent of emissions from enterprises come from the same—their own—boiler rooms.

[Andreyeva] So what solution do the ecologists see?

[Lezhnev] Very unequivocal. It is impossible to resolve the heat and power supply problems, which are increasingly obviously backing the city into a corner, if we continue the current profligate use of energy resources. And although today we seem to have arrived at the point where a diktat of tight conservation is needed, the energy conservation mechanisms practically do not work.

[Andreyeva] Is this not because the Heat and Power Generation Development Plan approved a year ago does not envisage an energy conservation program?

[Lezhnev] Undoubtedly. And in this respect the current concept of the heat and power generation sector's development contradicts the demands of the times, failing to provide the necessary energy conservation regime. The main doctrine should contain, in our opinion, the necessary elements of savings and ecology. The ecology assumes such equipment for boiler rooms that would allow, on one hand, to normally utilize the equipment but at the same time create normal sanitary-hygienic conditions for city residents. Especially considering that it does not present a problem today to find equipment that meets all modern ecological requirements.

[Andreyeva] In other words, ecologists believe that "low-power" systems are the future?

[Lezhnev] If these requirements are complied with, the ecology committee does not intend to create any obstacles to the advent of "low-power" heat sources. By the way, requests for installation of one's own boiler rooms already are coming. The imeni Kuzmina Metallurgical Plant joint-stock society, for instance, intends to build its own boiler room. Although TETs-3 is not far from it, and TETs-2 is practically next door. But apparently the enterprise is unhappy with the terms dictated by "big producers."

[Andreyeva] But we have already been through "low-power" boiler rooms. The same TETs-4 began its life as a sectoral power generation station. So why is centralization in the power generation sector treated now like a choke?

[Lezhnev] The giant energy octopus is becoming unmanageable. Half of its heat transfer networks need to be replaced, which is an impossible task for the city. And chronically insufficient maintenance is fraught with catastrophic consequences.

[Andreyeva] But at the same time some enterprises these days do not mind "unloading" their boiler rooms onto the city—to avoid dealing with this headache.

[Lezhnev] This is a two-way process: Some do indeed want to get rid of the "burden," while others, on the contrary, plan to make a living selling heat to consumers.

[Andreyeva] And what is the ecology service's task in all this?

[Lezhnev] First and foremost, tightening ecological requirements. Unfortunately, even market relations did not affect in any way the order—or, to be precise, disorder—of things as we got accustomed to. Rather the reverse. Technological discipline is declining everywhere; there is a lack of elementary accounting and control, which inevitably leads both to unnecessary expenditures of fuel and materials and to a worsening of the ecological situation.

Last winter, for instance, we had quite a few complaints from city residents regarding noxious emissions from the boiler rooms of Bakery Plant No. 8, the city dairy combine, and the bakery products combine. The cause of the high pollutant content in emissions was not only the higher than usual sulfur content of the boiler oil on which these boiler rooms operate, but first and foremost poor discipline. The emissions were the result of incomplete burning of boiler oil, which occurred because of deviations from the specified heating regime and poor diffusion.

If we just get elementary order and accounting, and control a part of technological processes, the air in the city will become noticeably cleaner. And we can save considerable money. The so-called complexones that are currently being installed at TETs-5 can cut expenditures at least by half by allowing the use of new water treatment technology. There are many such reserves, and it costs next to nothing to put them to use....

[Andreyeva] We, however, pass by indifferently, continue to trample these reserves, at the same time constantly complaining about the lack of money. Why?

[Lezhnev] The same lack of economic mechanisms. While in the past, for instance, there were strict norms for the expenditures per unit of energy output produced, and those responsible for exceeding them were held to answer, now all production costs are easily passed into tariffs, at the same time providing justification for raising them.

[Andreyeva] But since the administrative whip has been discarded as no longer needed, does the ecology service have at least some levers of influence?

[Lezhnev] Definitely. Penalties are becoming increasingly "biting." Over nine months of this year for just atmospheric discharges we fined Novosibirskenergo R1 billion, and boiler rooms—R400 million.

[Andreyeva] There is a lot of talk now about autonomous heat supply systems, such as a boiler in the basement. Are there examples of such in our city?

[Lezhnev] Yes, documentation is currently in the stage of approval for a number of buildings, to permit them install their own heat supply systems. Residents of such buildings will have no problems with hot water and heat; apartments in these buildings are being equipped with air conditioners....

### Opinion Poll Questions Quality of Life

954F0175A Novosibirsk VECHERNIY NOVOSIBIRSK  
in Russian 24 Oct 94 p 5

[Article by Svetlana Gracheva: "The Pendulum of Public Opinion Is Swinging... Has Your Life Changed?..."]

[FBIS Translated Text] "Has your life changed over the past six months? If so, how?" This was the question in the questionnaire distributed by the sociological group of the oblast administration's public liaison department.

Two percent of respondents said that they live much better now. "Somewhat better"—said 5 percent. For 36 percent of respondents the living standard has remained the same.

The opinion of 29 percent is that "life has become somewhat worse." And 21 percent maintain that it is "much worse." The summary result: 50 percent say that their standard of living has worsened, as compared to 43 percent who say their life, in their opinion, has improved.

#### Do the statistics reflect the real picture?

And generally, what does this mean: Life has become worse or better? Better nutrition; more frequent purchases of expensive items?

A meat-packing plant's own retail outlet. The thick smell of smoked meats evokes a healthy appetite. The line is longest at the counter where these smoked delicacies are sold. An elderly woman in a thick woolen coat that shows extensive wear asks: Is the "hunter's sausage" fresh? Everything here is fresh. On receiving the answer, she hands over the money: R16,000.

On the street in front of the store foreign-made cars are idling. They take bagsfuls of fine salami and cold boiled pork away from here.

Compared to them, the babushka with her R16,000 is poor, but compared to those who can only afford half a kilogram of bologna at R4,300, she is rich. Everything is relative.

The "richest" in Novosibirsk have an income 15 times higher than the poorest. And this gap is increasing.

What is a person's social well-being against this backdrop? Of any person... social well-being depends not only on having money in one's purse. If you live in a state of constant tension and anxiety, if you have been robbed, or betrayed by friends, even big money is not going to make you happy.

Psychologists note that 60 percent of the population currently experience stress exceeding the normal level of mental health. Society is accumulating an explosive substance. And wherever it reaches a high concentration, an explosion may go off at any time. In such a situation even those who live well do not sleep well at night: What if there is a knock on the door and heavy-set guys with

faces covered with stockings walk in? What can calm a person down in such a situation? Vodka? Drugs? Specialists note that these "tranquilizers" are indeed most frequently used among successful people.

So a high income is not everything, but it does make life more cheerful. When one has money, one does not have to think about one's daily bread—bread, and buttered at that, is always on the table.

However, how do those who go to bed and wake up in the morning thinking about this bread feel? According to the survey, 52 percent of the oblast population fall into this category. Their social well-being has worsened sharply. And many of those who only two or three years ago still believed in positive changes in society no longer do so.

How to survive? Today this question is becoming increasingly topical.

It is not accidental that this question pops up increasingly often in sociological questionnaires: "Do you grow vegetables and potatoes at your plots?"

Oblast administration sociologists also asked this question. And got the predictable reply: "Yes, we do," said 59 percent of the respondents. "We survive by developing a natural economy. This is our salvation, but also our trouble."

Nevertheless, for many of us the quality of our nutrition has deteriorated. Who? The same low-income people who have now become even lower-income. Here are some recent data obtained by oblast administration sociologists.

To the question: "How has your nutrition changed as compared to November 1993?" 12 percent replied "for the better." "Same as before," said 48 percent. But 37 percent said it had become worse.

The flea market near the GUM [state department store]. In the mass consciousness this word alone brings out a sort of condescending-negative reaction. But today a flea market is a step into free trade, a step toward new market relations. Trade has become a second profession for 62 percent (oblast administration sociologists' data). Again, in order to survive.

Then the flea market near the GUM was closed down. But under the pressure of public opinion it was opened again. This public opinion immediately rejected the faraway Khilokskaya Street where the trading stand had been moved to at the authorities' directive. And not only because it is too far away but also because there is a cemetery nearby, and it is immoral to disturb the peace of the deceased with a bazaar.

But when the ill-fated flea market was closed, this was also under the pressure of public opinion.

Which way will this pendulum swing next time?

**Law on Combating Corruption Passed**

*954F0196A Novosibirsk VECHERNIY NOVOSIBIRSK  
in Russian 25 Oct 94 p 4*

[Commentary by Irina Borisova: "Will a Director Escape Punishment for Bribe-Taking: After the Adoption of the Law 'On Combating Corruption'"]

[FBIS Translated Text] The draft law "On Combating Corruption" was published back in April of last year. The Supreme Soviet faded into oblivion, however, before passing it. A few days ago the State Duma finally passed this law, albeit far from unanimously. It looks as if this is yet another version of the legal act.

Meanwhile, the thing with a menacing name—corruption—has grown considerably while the lawmakers were pondering it, and has struck root in all spheres of our life. Which is evidenced both by mass media reports and criminal cases. Of the latter, there are still extremely few. Or they fall apart after being initiated because of the lagging legislation. The last year's draft, similar to the just-adopted law, defined as subjects of the anti-corruption law state and municipal employees, people's deputies, judges, jurors, and, of course, officials. The latter category includes, together with members of the bodies of authority, enterprise directors, that is, if we follow the law to the letter, persons vested with organizational-distributive or administrative-economic powers. In the previous draft, however, this included heads of enterprises with the prevailing share of state or municipal ownership. The new law has been modified: If the state owns at least one-half. So far, up till now bribe-takers—former trust managers and directors—could not be charged with bribe-taking, since, having become chairmen of joint-stock societies, they ceased being officials. A fresh example is the recent acquittal by the court of one such manager. If we take the topic one step further, any former plant that has become a joint-stock society may reduce the share of state ownership to 49.9 percent: Does it mean that his manager can no longer be touched by any anti-corruption laws? Let us wait, however, until this legal document begins to work.

For the first time in legislative practice, bureaucrats, administrators of all ranks and colorations, and people's elected representatives are being told: In carrying out your duties, forgo the sin of theft; do not seek any preferences and advantages in your position and job. Now not only they, but also members of their families will have to report their income, personal and real property, and bank deposits to the tax inspectorate. Even when a person retires, this monitoring will continue for three years.

Abuse of official position most often happens in a very covert manner. The same goes for a bribe—a powerful incentive for such abuse. It is extremely difficult to prove these two unlawful acts. The law envisages the mechanism for their prevention through coordination of efforts of the MVD [Ministry of Internal Affairs], FCS [Federal

Counterintelligence Service], the procuracy, customs, the tax police department, and other relevant structures.

The law "On Combating Corruption" belongs to the class of legislative acts the legal practice calls "direct action laws." That is, as soon as they go into effect, they can be used as a guidance without waiting for clarifications. To tell the truth, the new law is so new, and corruption in our country, alas, is so routine, that one questions the "direct action." Besides, the criminal process code is obsolete, and the new one is waiting for its turn in the State Duma. I think we will be coming back to the corruption theme more than once. At this point, it is important that the first step finally has been made. Better late than never.

**Mayor Signs Agreement With German Company**

*954F0197A Novosibirsk VECHERNIY NOVOSIBIRSK  
in Russian 26 Oct 94 p 6*

[Article by Galina Vasilyeva: "Promising Agreement"]

[FBIS Translated Text] A cooperation agreement with the German Siemens concern was signed Friday at 1430 in the office of Mayor Viktor Tolokonskiy. This event has more significance for Novosibirsk residents than the visit of the queen of England.

It was interesting, of course, to watch this splendid performance on television in the capitals, and to learn from the press how the queen and her subjects live. And to once again feel the difference.

But the visit by Mr. Schmidt, representative of the Siemens firm, to the mayor's office affected our life directly.

In the light of recent years, the logic of the development of events that preceded the signing of the agreement came as a surprise. Here is why: There was a time when our role in the aspiration to a unified state was determined by the majestic phrase "Russia's might will accrue to Siberia." But when, as a result of progressive changes, all the first persons of the state travelled around foreign countries with hands outstretched and reformers began to disparagingly call the industrial and scientific center of Siberia a military-industrial complex and seemed to be cutting themselves off from us with grand concepts, the question of the survival of Siberians became real.

Closed off from foreigners, isolated in space, and not knowing any benefits other than the 15 percent for climate—this is why we did not yield to the naive illusions that foreign countries will help us. Therefore, we perceived the hopes of capital politicians for foreign investments with distrust and skepticism. And we assessed the trips of delegations abroad to "adapt methods" as a useless expenditure of our tax investments in the budget.

And we were correct. Experience has to be accumulated through joint efforts under those conditions where it has to be applied.

The Siemens concern has been working for three years in Novosibirsk. This started with individual deliveries to different enterprises of computer, medical, and household appliances and equipment. At the same time, the concern trained our specialists. A training service center is now being built for these purposes. We have written about the SIBIT plant, which has already started to produce building materials made of foam concrete; everyone also knows about the line for the output of delicacies at the meat combine.

And so, when the presence of a foreign concern in Novosibirsk became visible, the mayor invited Mr. Schmidt, head of the mission of the Siemens firm, and his Novosibirsk partners—Viktor Kosourov, general director of the Rusinprom corporation, and Vladimir Mamonov, director for science and production.

Addressing the foreign specialist, Tolokonskiy said:

"The Siemens concern made the correct choice in concentrating its projects in Novosibirsk, inasmuch as this is not only one of the largest cities of Russia, but it is a city with a unique industry and with the most modern technologies. The military equipment plants possess potentially qualified workers. Novosibirsk is a unique scientific center, the likes of which are few in the world. The achievements of our scientists are known worldwide. I think that concerns like Siemens that are working on modern technical lines will find favorable grounds here for cooperation."

...How easily everyday consciousness changes. After all, we always knew what kind of city we have, and what kind of people. And how easily we resigned ourselves to the fact that everything was bad. Really bad. But already today, owing to our dimensions, infrastructure, and geographic situation, Novosibirsk is becoming a business center in the region. It is precisely here that the large insurance companies and the commercial houses of financial organizations and concerns are concentrated.

As the specialists of the Rusinprom corporation believe, the Siemens concern is an ideal structure for Novosibirsk, producing unique equipment and technology for various spheres of the city economy.

Therefore the mayor's office has decided to support the projects of the concern with guarantees on the part of the local authorities. And with the next step toward cooperation—to plan the establishment of joint production.

Mr. Schmidt accepted the proposal of the mayor's office. This meeting was preceded by a logical estimate and a thorough economic analysis of the contracting parties.

The visit, which lasted a half-hour, determined the path of the city's development for years to come.

### Shakhray on Gaydar's Maritime Kray Charges

954F0147A Vladivostok UTRO ROSSI in Russian  
22 Oct 94 p 1

[Open letter by S. Shakhray, under rubric "First-Hand": "Report Memorandum From S. Shakhray"]

[FBIS Translated Text] Subject: Ye. T. Gaydar's statement concerning the question of the sociopolitical situation in Maritime Kray.

Dear Viktor Stepanovich [Chernomyrdin],

Ye. T. Gaydar, chairman of the Russia's Democratic Choice party, in a letter addressed to you states that the Maritime Kray administration headed by Ye. I. Nazdratenko is openly trampling on human rights and the Constitution and Laws of the Russian Federation.

In this regard Ye. T. Gaydar proposes:

- carrying out a comprehensive inspection of the economic and financial activities of the kray administration;
- sending to the kray a commission from the Human Rights Committee under the President of the Russian Federation in order to review instances of the violation of the rights of the individual;
- suspending the election of governor of Maritime Kray;
- taking steps to restore freedom of the press and information.

In conformity with your instructions, this statement by Ye. T. Gaydar has been reviewed and I hereby report the following with regard to the substance of the questions raised by you.

The socioeconomic and political situation in Maritime Kray is extremely complicated. The government is taking steps to stabilize that situation, in particular, on 14 September 1994 (No. ASh-1731-P11-104) urgent first-priority measures for stabilizing the socioeconomic status of the kray in 1994-1995 were approved and a program for long-term development for the period until the year 2010 is being prepared. However, the situation has been made considerably more complicated as a result of the natural calamity (15-20 September) that was caused by heavy rains and that caused damages to the kray's national economy in the amount of 519.7 billion rubles.

Under conditions when restoration operations are under way in the kray, it would seem to be undesirable to inspect the economic and financial activities of the kray administration.

The decision to send to the kray a commission from the Human Rights Committee under the President of the Russian Federation can be made by the Committee itself, inasmuch as the question, in substance, falls within its competency.

The question of the election of the governor of Maritime Kray, which had been scheduled for 7 October 1994, no longer pertains. By decree of the Maritime Kray administration, dated 5 October 1994, No. 480, entitled "Implementing Decree of the President of the Russian Federation Entitled 'Measures to Reinforce the Single System of Executive Authority in the Russian Federation,'" dated 3 October 1994, No. 1969, the election was canceled.

As for the taking of steps to restore the freedom of the press and information in Maritime Kray, facts that attest to the hindering of the legal professional activities of workers in the agencies of the press and information in the kray have been reported only by Ye. T. Gaydar. Such information has not been received by the government from the appropriate agencies.

Taking into consideration what has been stated, I recommend taking cognizance of Ye. T. Gaydar's statement.

[Signed] S. Shakhryay, deputy chairman of the Government of the Russian Federation

[Countersigned] Agree with S. M. Shakhryay's recommendation concerning Ye. T. Gaydar's statement concerning the sociopolitical situation in Maritime Kray. V. Chernomyrdin.

#### **Democratic Choice Party Reports on Maritime Kray Situation**

954F0104A Moscow NOVOYE VREMENYA in Russian  
No 40, Oct 94 pp 12-15

[Report by a group of experts of the Russia's Democratic Choice Party: "Dictator of Maritime Kray: Illegal Election of the Governor of Maritime Kray May Ultimately Lead to This Kray's Secession From Russia"]

[FBIS Translated Text] The leaders of several democratic factions of the State Duma sent a letter to President Boris Yeltsin asking him to cancel the scheduled gubernatorial election in Maritime Kray. This unprecedented joint appeal was signed by leaders of the Russia's Choice (Yegor Gaydar), PRES [Party of Russian Unity and Accord] (Sergey Shakhryay) and Yabloko (Grigoriy Yavlinsky) factions and the 12 December Deputy Group (Boris Fedorov).

The problem is not only that the election was scheduled and preparations were made for it in the grossest violation of the constitution. The situation in Maritime Kray has become so acute that the danger of establishment of an authoritarian criminal regime in the kray, and secession of this kray from Russia in the future, has become fully real.

Recently the kray was visited by a group of experts from the Russia's Democratic Choice Party, which presented a 34-page report describing the depressing and alarming situation evolving in Maritime Kray. The text of this report is published below considerably abbreviated, though with all of its main conclusions intact.

#### **Zone of Fear**

The casual observer is immediately made aware of some unique features in the life of Maritime Kray to which its inhabitants have already become accustomed.

The high cost of living in comparison with neighboring regions, including Sakhalin and Kamchatka, catches the attention right from the start. This is combined with an extremely meager assortment of foodstuffs and consumer goods, with the exception of certain categories of expensive imported goods.

Maritime Kray occupies one of the last places in Russia in standard of living, with over half of the population below the poverty line. This is despite the fact that the kray possesses unique natural resources, a relatively well developed industry and agriculture, major seaports, proximity to world trade routes and the dynamic Asia-Pacific region, a large volume of exports of valuable raw materials, and well-developed coastal and frontier trade.

But what is most astounding of all is the universal atmosphere of fear, recalling the worst years of our totalitarian past. This fear strikes everyone. People in the streets are afraid to openly talking politics or give interviews to journalists. Officials of city and kray administrations are afraid to meet with visitors from Moscow or give them any kind of official documents, citing an oral prohibition by kray administration head Yevgeniy Nazdratenko and the threat of dismissal.

Big businessmen, administrators and merchants in their luxurious offices are afraid of letting slip even a single bad word or critical remark regarding the kray administration, gesturing at the ceiling in a meaningful way. Angry words spoken in a quiet, out-of-the-way place about the tyranny and the dark deeds in the kray end with a standard plea not to name any names and not to make references to them, because "you'll go away, but we have to live here." Journalists, political reviewers and politicians are afraid, or deprived of the possibility, of publicly stating specific facts regarding corruption, abuses of power and financial intrigues in which the "fathers of the kray" are involved.

But fear reigns in the highest offices as well. An important militia chief is afraid that sooner or later his role in organizing provocations and in fabricating criminal cases against the "boss's" political opponents and against disobedient businessmen would be revealed. High officials of the tax inspectorate and the police are afraid that sooner or later they will have to answer for concealing facts and for their complicity in the financial abuses by the powers that be. People called upon to

answer for the sturdiness of our Eastern borders are afraid that sooner or later their complicity in violations of customs and border regulations and in dubious affairs with foreigners will become known.

Fear also strikes the tenant of the highest office. He is afraid of everyone. His lofty protectors in Moscow, whom he is ready to betray at any moment, and his former allies, who are now rivals in dividing up the pie, and his implacable opponents. This is why he is doubling the guard, surrounding his dacha with MZP-type (low-profile wire entanglements) military fortifications, and setting up a special warning system intended to protect against rocket launchers.

But most of all, he is afraid of the truth *precisely because political terror has been unleashed in Maritime Kray, including with the use of criminals.*

*This is precisely why all opposition or simply private newspapers and television and radio stations have been shut down in Maritime Kray.*

*This is precisely why mud is being slung, provocations are being organized and cases are being fabricated against the regime's opponents.*

*This is precisely why Russian laws have ceased to operate in Maritime Kray, and federal bodies called upon to act as guarantors of the constitution, and the rights and freedoms of citizens, have been crushed or taken under the control of the mafia-like clique that has made its way into power.*

#### Political Terror

These are not idle words. Real facts and specific people stand behind them. Here are only a few examples that became known in Maritime Kray.

*V. Cherepkov* is the legally elected and extremely popular mayor of Vladivostok. In the past he served as a naval officer. He was awarded the medal "Defender of Free Russia." He is an open opponent of Ye. Nazdratenco. He was dismissed from his post as a result of a trumped-up criminal bribery case. An investigation into the identity of the bribe-giver, a certain V. Volkov, revealed that he owns a doctored passport, and that the Association of Soldier-Internationalists which he supposedly represented does not exist in nature.

On Nazdratenco's orders the Vladivostok mayor's office was taken by storm by the OMON [Special Purpose Militia Detachment]. V. Cherepkov was forcibly carried out unconscious and on the verge of a heart attack. Attempts by the latter to defend his lawful rights in court are evoking repressions. In the evening of 2 August 1993 he was kidnapped by "persons unknown," who forcibly spirited him off in a car, tied him up, placed a plastic bag over his head, and threatened and beat him.

Cherepkov's son Vladimir celebrated his 20th birthday in prison. He was arrested during the heat of battle of the kray administration against the Vladivostok mayor on a

trumped-up charge of stealing a computer from his school. His "fellow conspirators," who slandered him and were being held in another criminal case, were released long ago. The investigators refused to question cadets who had been with him in the barracks at the time of the theft and who confirm his alibi. Vladimir has now been held for half a year in a SIZO (an isolation cell), in a so-called "work" cell equipped with special listening and observation devices. Provocateurs and criminals are planted in his cell on occasion, and provocations have been prepared in which drugs were planted. When he goes to visit his mother, he does so in handcuffs. His mother now suffers group 3 disability.

#### A. Petrachenko—chairman of the Maritime Committee on Human Rights.

Petrachenko was attacked on the same day as Cherepkov's abduction. Wearing camouflage, the attacker fired several shots from his air pistol and began beating Petrachenko, but he was detained at the place of the crime by associates of the rayon militia. A search of his person revealed the certificate of an MVD agent. Petrachenko, who was delivered with facial injuries to the local precinct by a police vehicle, heard a message on the loudspeaker that a body was supposedly found in a vehicle bearing his number, followed by an order to stop the driver with deadly force.

#### M. Voznesenskiy—correspondent for Russian Television in Maritime Kray.

On several occasions Voznesenskiy wrote critical articles about the activity of Nazdratenco's administration, and was subjected to threats just as often. The governor of Maritime Kray worked in Moscow to get him removed, but so far he has been unsuccessful, though Voznesenskiy did receive an unofficial warning at Russian Television: "Just one more wrong step, and you're history."

In a one-on-one interview with Voznesenskiy's wife, the governor "reassures" her: "You know that I can do away with you physically, but I'm not going to do that."

After a certain while the militia "accidentally" fired upon the television studio office occupied by M. Voznesenskiy. According to the official version a bullet fired at the wheels of a stolen car somehow climbed upward to the second story of the building and selected from a dozen windows precisely the one behind which the "offender" was supposed to be.

#### A Pogrom in the Press

There is no longer any work for honest journalists in Maritime Kray. The opposition administration-supported newspapers UTRO ROSSI and BOLSHOI VLADIVOSTOK, and even the kray's largest newspaper, KRASNAYA ZNAMYA, which had just recently served the administration faithfully but had begun displaying some independence, were shut down. The last independent newspaper in the kray, ARSENYEVSKIYE NOVOSTI, is on the brink of closing. It is being evicted

from its leased premises for fabricated reasons, and the Dalpress Polygraphic Works refused to do the printing.

The independent commercial television company PKTV was attacked twice. It enjoyed great popularity among television viewers, and it made the mistake of offering air time to political opponents of Nazdratenko's clique. On the first occasion it was ransacked by "unknown thieves" who killed an associate of the television company, and who for some reason went off not with recording equipment but with transmitting equipment that cannot be used otherwise or sold. On the second occasion it was ransacked by administrative-financial methods. It was closed in early fall 1993, but then it was reopened by a decision of the court. After that, it was closed once again, this time out of "technical considerations," because it occupied the same building as the Orbita space relay center. RF Minister of Communications V. Bulgak rescinded this order of the kray administration. Deputy Minister of Communications M. Yelizarov explained (by a telegram dated 3 December 1993) that there were no technical obstacles to transmitting programs from the studios of the PKTV, and that closing of this channel by the kray administration was unjustified. A court of arbitration recommended to the administration that it allow PKTV to transmit forthwith. All for naught—the television company isn't transmitting, it has been destroyed for practical purposes, and the collective has dispersed.

At the same time Nazdratenko's administration cannot be accused of showing inadequate attention to friendly mass media. The head of the kray spends several hours a week on television, appearing regularly in the "Governor's Hour" program. For practical purposes the kray's television is being maintained by the administration.

#### 'Professionals' in Power

If law in Maritime Kray can be likened today to the taiga, then who are these people, the masters of the taiga? How did they get into power? Why are they unlawfully doing these things? What are they working toward? These questions require special discussion.

Officially, everything appears fully proper. Administrative head Ye. Nazdratenko was appointed by a presidential edict in May 1993 on the basis of his nomination by the kray Soviet of People's Deputies, which voted for him in an overwhelming majority. Prior to this he had served as the director of the Vostok Mining Company, from 1990 he served as a deputy of the Supreme Soviet of the Russian Federation, and now he is a member of the Council of the Federation.

What is less known is that the rise to power by Nazdratenko, a former director of a prospecting artel with a correspondence-school technical education, is associated with a certain S. Kliger—a criminal figure with two convictions (corruption of juveniles and embezzlement of especially great proportions). According to certain information he is a leader in the

criminal world of Maritime Kray, code-named Otto Skortseni (because of a scar running across his whole face). Kliger played an important role in the artel's reorganization as the Vostok Mining Company, and he was Nazdratenko's authorized representative in his election campaign for RF People's Deputy for the 225th territorial district.

The administrative head's inner circle is made up of people selected exclusively on the basis of personal loyalty and "business" ties, often without regard for professional and administrative qualities. They include deputy administrative heads Lebedinets and V. Chechelnitskiy, Vladivostok's acting mayor K. Tolstoshein, RF presidential representative V. Ignatenko, kray Internal Affairs Administration chief V. Ipatov, and others.

The coming to power of all these people was closely associated with the PAKT AOZT (Maritime Joint-Stock Corporation of Producers), established in August 1992 by Nazdratenko, Pavlov, Lebedinets and a number of other persons. The directors of Maritime Kray's 213 leading enterprises became the founders of PAKT (as individuals). This powerful corporate grouping, which supports the economic and political interests of the directors' corps, some of the party and soviet nomenklatura, and representatives of the criminal shadow economy, played a decisive role in deposing the democratically elected administrative head, V. Kuznetsov, and appointment of Ye. Nazdratenko to this post in May 1993.

*The main business the "professionals" took up from the very first days was that of concentrating power in their hands.*

Everything began rather modestly: decisions to search vehicles, to check passports, to detain and search citizens, and to introduce passport regulations, a system of passes, and militarized police patrols. It all ended in tragedy: The powerful band created under the leadership of associates of the State Motor Vehicle Inspection began stopping imported vehicles on the roads and killing their owners, and then selling the vehicles.

Then attempts were made to introduce a state of economic emergency, something like an economic GKChP [Emergency Committee] on a kray scale; this did not happen, however, and through no fault of the administrative head.

In late September 1993 Nazdratenko, who capitalized on the situation, not only dissolved the kray soviet, with which he enjoyed full unity of opinions prior to this, but he also began a brutal effort to disperse all bodies of local self-management using the OMON and militia, armed with clubs and assault rifles, sealing off offices, and humiliating deputies.

After deposing the legal mayor, Nazdratenko replaced rayon administrative heads in Vladivostok and many leaders of the kray's rayons who had been loyal to the

mayor, for practical purposes placing the entire administrative system of maritime kray under his own direct control.

Placing his own people in the leadership of the Internal Affairs Administration (Ipatov) and the tax inspectorate and tax police (Bondarenko), Nazdratenko soon established "special" relations with the kray's FSK [Federal Counterintelligence Service] (Lieutenant General Kondratov), the chief of border troops (Lieutenant General Sedykh), and the commander of the Pacific Fleet (Admiral Khmelnov).

However, the kray administration does not rely on official power structures alone. Of interest in this connection are the rumors persistently circulating in Maritime Kray and fragmentary information regarding the ties of Nazdratenko's group, and especially Chechennitskiy and Krivoshein, with the criminal world of Maritime Kray. There is talk in particular of some common dealings with the groupings led by Baul, Aleksey, Osman, Svirid, Makar and Mikho; in this case some of these are what are known as "shooting" groupings, they are well armed, and as the "sorting out" with the Chechen mafia in Nakhodka showed, they are fully prepared for urban guerrilla warfare. Representatives of a number of criminal groupings almost openly offer their services in lobbying the kray administration, stating that they *"could resolve any issues."* It is already evident today that the future authoritarian regime in Maritime Kray will rely not only on official power structures but also on criminal elements, together with the methods typical of them for silencing the displeased.

#### Corruption and Plunder of the Kray

Investigations into the activity of the administration and the commercial structures under its control, including the PAKT AOZT, the Kommersant Joint-Stock Company, the Ofis-Tsentr AOZT, the Diomir AOZT and others, conducted in September-December of 1993 by the tax police, the Ministry of Internal Affairs, the General Procuracy and the Inspection Administration of the Presidential Administration, revealed numerous facts of economic crime and violation of laws concerning corruption, in which persons from Nazdratenko's inner circle were involved.

Attempting to block or decelerate fulfillment of the State Privatization Program, Nazdratenko's administration is carrying out its own variant of privatization, "directing" the process of transfer of state property into its own hands with the goal of establishing complete control over Maritime Kray's industrial and raw material potential. Attempts are made to remove disobedient joint-stock company directors not wishing to share their stocks with the administration. An analysis of the movement of large blocks of shares of Maritime Kray enterprises in the last year shows that as of now Nazdratenko's grouping has established control over more than 200 of the 360 important enterprises of Maritime Kray.

Nazdratenko and his group are showing special interest in enterprises of the kray's fuel and energy complex, seaports, oil transfer piers, mineral deposits and geological prospecting data. The latter were gathered on instructions from the head of the administration, and are being stored in his safe. An order to stop official geological prospecting operations in Maritime Kray was published simultaneously.

Huge deliveries of fish and fish products, timber, non-ferrous metals and other valuable raw materials abroad, including by barter, are accompanied by large shortfalls in deliveries to federal stocks and by extremely low volumes of imports for the kray's needs, as well as by serious imbalances in payments, indicating large-scale export of capital and its accumulation in personal accounts abroad.

No longer required to answer to anyone, Nazdratenko's grouping has only doubled its efforts to establish control over the economy of Maritime Kray and to plunder its material and natural resources. The expert group has dozens of items of evidence in its possession indicating that this side of the activity of Nazdratenko's administration is acquiring a scale and form that threaten the economic security of the Far East and Russia. Considering that this evidence was presented under the terms of strict confidentiality, and requires investigation, and because making it public is associated with risk to the life and well-being of certain individuals, or with the possibility of concealment of the traces of crimes, this evidence is presented in a separate sealed attachment intended only for investigative bodies. In the event that no reaction follows to this information, specific facts could be presented to the mass media to permit investigations by journalists.

#### The Far Eastern Republic

The opinion is circulating among political observers that all of the talk about the kray's new status, about expanding its economic rights, about forming a Maritime Republic and so forth on the part of Nazdratenko's administration were only a means of pressure and blackmail of the government with the goal of obtaining new privileges and subsidies.

The idea of economic sovereignty and of awarding the kray the status of a republic has been around a long time in Maritime Kray. However, it did not acquire organized political shape until Nazdratenko's administration.

The idea of a Maritime Republic was first presented formally in July 1993 in the form of a declaration of the kray soviet regarding the intention of proclaiming it. According to testimony of participants of this session the idea itself was inspired by the kray administration.

Here is what kray soviet chairman D. Grigorovich has to say: "*Nazdratenko's deputies—A. Pavlov and Lebedevs—acted as the ideologists of the Maritime Republic. They put pressure on me, demanding that I steer the*

*session onto the appropriate path, and as a reward they offered me the position of president of the Maritime Republic."*

According to a report in the Maritime press, "the idea of a sovereign Maritime Republic is constantly present explicitly or implicitly in speeches and discussions given by officials of our new administration in the cities and rayons..."

Here is only one of a series of strange interviews of the foreign mass media, given by Ye. Nazdratenko to Walter Mead, a well known campaigner for America's "purchase" of Siberia and the Far East from Russia:

*I told the governor about an article in which I defended the position suggesting that the United States could solve both its and Russia's problems by purchasing Siberia for three million dollars. We both laughed.*

"But on a serious note," I said through an interpreter, "what would you say to a long-term lease, something of the 'Hongkong' variant? Could this help to solve your numerous regional economic problems?"

*This time the governor did not laugh; he folded his arms and pondered for a moment or so. Then he raised his eyes.*

*"Yes, he answered in Russian, 'this would be possible.'*

*This took my breath away. Russia's possessions in the Far East are a territory larger than the United States, with the richest world reserves of oil, timber, natural gas, diamonds and gold....*

The question of the sovereignty of Maritime Kray was put up for separate discussion at a meeting of the kray soviet held in July 1993, in which the draft charter of Maritime Kray was examined in its first reading. It was brought up through the efforts of deputies who had formerly been in Nazdratenko's "support group," and who found themselves several weeks later at the command of the new administration. In the first day of the meeting's work the question was posed in its widest sense—regarding sovereignty in general. And it was not until the second day, when the position of the president regarding the Ural Republic became known, that the administrative head declared that they should limit themselves to questions of economic sovereignty.

A conference of the kray leadership hastily convened with city and rayon administrative heads proposed approving the statute "On the Referendum on Maritime Kray" prior to 5 October, and to set the date of the referendum, 11-12 December, prior to 10 October. By this time the kray's draft charter, which was almost a complete copy of the Law on the Status of Maritime Kray, which had been drafted in its time by the kray soviet in support of declaration of the kray's sovereignty and proclamation of the Maritime Republic, had been lying in Nazdratenko's safe for several months. These plans were upset by the October events in Moscow.

However, has Nazdratenko rejected them, or is he simply waiting for a convenient moment? In this connection the administration's sponsorship of the clearly

separatist organization "The Coordinating Council for the Movement for Revival of the Far Eastern Republic" raises questions. This organization is officially registered with the kray administration and publishes its own newspaper, MAYAK, despite the fact that its goal is to violate the territorial and state integrity of the Russian Federation, which is against the constitution.

I. Cherevkov, the organization's leader, conceals neither his goals and plans nor his ties with Ye. Nazdratenko.

Nazdratenko's aspirations to the role of "boss" of all of the Far East, and his plans, supposedly approved by the president, to include Sakhalin, the Kuril Islands and Kamchatka in the composition of Maritime Kray, and his attempts to extend his influence to Amur and Magadan oblasts and to Khabarovsk Kray, acquire different meaning on this backdrop. Nazdratenko's ambitions of power also manifest themselves in his speeches against all plans for free economic zones that are not coordinated with him personally, including against a plan for a free economic zone for Amur Oblast approved by the president, and the Tumangan project being developed under the initiative of the United Nations in southern Maritime Kray, at the junction of the borders with North Korea and China.

High officials in Moscow supporting these of Nazdratenko's ambitions must get a clear answer to this question: Will this policy promote stability in the kray, reinforcement of Russia's position in the Far East, and support of its national interests in this strategic region? Or will it lead to creation of an administrative, territorial, political and economic base for a future independent Far Eastern Republic?

#### Maritime Kray on New Federal Tax Procedures

954F0192A Vladivostok VLADIVOSTOK in Russian  
26 Oct 94 p 3

[Statement by Nikolay Sadomskiy, head of the Main Federal Treasury Directorate of the Russian Federation Ministry of Finance for Maritime Kray; place and date not given: "The Treasury Will Now Be Collecting Payments to the Budget"]

[FBIS Translated Text] Effective 1 November of this year, in accordance with instructions of the Main Federal Treasury Directorate of the Russian Federation Ministry of Finance promulgated 27 June 1994, until special directives are issued, a new accounting procedure for funds and regulatory taxes entering the federal budget as revenue will be introduced throughout the kray. Nikolay Sadomskiy, head of the Main Federal Treasury Directorate of the Russian Federation Ministry of Finance for Maritime Kray, describes exactly what this new procedure will entail in a special presentation for VLADIVOSTOK readers.

[Sadomskiy] I would like to remind readers, as I stated in a previous issue of VLADIVOSTOK, that to date the

accounting for effective and purposeful utilization of federal budget funds has not been properly set up. This has enabled enterprises in the budget-financed sphere, on the one hand, to have financial asset "reserves" eaten up by inflation, and on the other hand, has allowed banks to delay (often for an extended period of time) transfer of these funds and thereby manipulate them for their own purposes. Under these circumstances, it is impossible, of course, to ensure full observance of state interests.

Effective 1 November, therefore, the treasury system of implementing the federal budget (for both its revenue and expenditure portions) enters into force within the kray. Tax inspectorates are henceforth freed from carrying out functions not properly theirs. They will only inspect enterprises of various forms of ownership for compliance with tax legislation and will impose fines in cases where such legislation is violated. While all tax revenues will accumulate in the treasury, with the aim of ensuring a unified cash-fund system and "transparency" of the budget. This means the treasury will have complete information on a daily basis as to what funds are on hand in budget accounts, for what purposes they are being spent, etc. Daily information will accordingly be provided to the kray administration with respect to incoming regulatory revenues and their distribution among budgets of various levels.

In general, budget-financed enterprises will receive from the treasury that amount of funds which is stipulated in the budget listing—no more, no less—but without encroachment upon their rights as the managers of these funds.

I believe that changing the accounting procedure for revenue entering the federal budget will not cause the accounting services of enterprises and organizations any particular inconvenience. They will continue as before to pay taxes to the same commercial banks in which they have opened accounts. Only now the funds will go directly to the Maritime Kray Treasury and its subdivisions in the cities and rayons of the kray. In other words, the accounts at tax inspectorates are being closed out and, accordingly, accounts in the treasury are being opened, the transfer of remaining funds being effected as of 1 November. To this end, a separate personal account, Account 99—"Taxes, Payments, Other Revenues to the Federal Budget," will be opened within the already existing balance account, Account 100—"Federal Budget Income." As far as regulatory revenues distributed among budgets of various levels are concerned, another separate personal account, Account 01, will be opened in banks within the newly introduced balance account 090—"Taxes Distributed by Organs of the Federal Treasury Among Budgets of Various Levels," and will have the same name. In this regard, the following are categorized as regulatory taxes: value-added taxes, taxes on profits, excise taxes, special taxes from enterprises, institutions, and organizations for financial support of the most important sectors of the economy, and fees for use of the Earth's depths and natural resources.

It must be noted that the new accounting procedure for funds entering the federal budget by type of tax and treasury payment will be performed in accordance with the budget classifications for revenues and expenditures and according to the procedure established by letter of the Russian Ministry of Finance. While procedure for the distribution of regulatory taxes among budgets of various levels is established by the Main Directorate of the Federal Treasury.

It is also necessary for accounting services to know that a consolidated register will be drawn up, based on documents submitted to the treasury, regarding revenues entering the federal budget both by type, characterizing the movement of funds in general, and by appropriate accounting entities for the revenue. The original of this register, along with bank excerpts on incoming revenue, will remain in the organ of the Federal Treasury. The first copy of the register, with payment documents attached, will be transferred by Federal Treasury organs to the appropriate state tax inspectorates.

Finally, return to the taxpayers of inappropriate or excessive revenue will be effected by the Maritime Kray Treasury and its organs in the localities, based upon a conclusion by tax inspectorates testifying to the fact of such overpayment.

All matters of interest may be referred to the Federal Treasury Directorate in Vladivostok or to its organs in the localities. Incidentally, the Treasury recently conducted a seminar on this topic, and our employees are prepared to provide consultation on any of the newly introduced changes in accounting procedures for funds entering the federal budget as revenue.

#### **Far East Customs Chief on Current Tasks**

*954F0191A Valdivostok VLADIVOSTOK in Russian  
26 Oct 94 p 5*

[Interview with Oleg Sviridov, chief of the Far Eastern Customs Administration and state adviser of the Customs Service, second rank, by Nikolay Bratchikov; place and date not given: "Customhouse on the Pacific Ocean"]

[FBIS Translated Text] Yesterday, Far Eastern customs employees marked the third anniversary of the organization of the State Customs Committee of Russia with a solemn oath of loyal service to the country.

Nikolay Bratchikov's interview with Oleg Sviridov, the chief of the DVTU [Far Eastern Customs Administration] and state adviser of the Customs Service, second rank, was held literally the day before the event.

[Bratchikov] The third anniversary of the GTK [State Customs Committee] is only an episode in the glorious customs history of Russia, but we know almost nothing of its Far Eastern pages...

[Sviridov] The first information about customs affairs dates back to 1860, when Vladivostok was founded. An official who was a member of a border post recorded ships entering Zolotoy Rog Bay: One commercial vessel arrived here in 1860, but in 1890 (30 years later), 180 vessels visited Vladivostok. In 1900 alone, 21,954 million poods of various cargo were brought in.

The flow increased continuously. And the minister of finance of Russia submitted a proposal to the State Council concerning the formation of a Vladivostok customhouse with a staff of 15 persons. On 23 May 1901, Nicholas II approved the customhouse. At that time the entire coast of the Maritime Region and the land borders of Manchuria and Korea fell under its supervision. In order to enliven trade through the crossings established here, a May 1904 edict introduced duty-free trade on the Far Eastern border in tea, meat, salt, lard, machines, fruit, vegetables, rice, milk, and glass. Duties were imposed only on alcoholic beverages, electrical devices, and paper articles.

The Pacific Ocean Customs Service lived and developed with difficulty and contradictions. Especially in the twenties and thirties of the following century—there were numerous structural changes, staff reorganizations, and territorial subordination. By that time a higher department already existed in the Far Eastern region—the Maritime Customs District. It subordinated the Vladivostok customs administration to itself and extended the boundaries of its influence: Sovetskaya Gavan, Ussuriysk, Grodekovskiy, and Imanskiy customhouses. When in 1925 the Far Eastern branch of the main customs administration was established in Khabarovsk, the Vladivostokskiy Rayon customhouse numbered 245 persons. But within some two years its number fell fivefold.

The process of decline of the Customs Service was associated with the changing international situation. The influence of ever increasing spirals in the arms race and the prolonged "cold war" had a strong effect on the USSR's foreign economic relations with countries of the Pacific Rim. But inasmuch as Vladivostok was always the center for basing the Pacific Fleet, naturally a special secret regime operated here.

Only the new stage associated with the establishment of the DVTU introduced a revival of activity. We became familiar with the region, met with administrations and oblasts, and studied the operational situation and the customs subunits that existed here. We saw where and what kinds of new customs and customs posts it was necessary to set up in the Far East, we studied the prospects of concentrating foreign economic activity in the region, and only then was Vladivostok selected as the place for basing the administration. The DVTU became the third regional customs center after the Northwestern and Belarusian administrations.

[Bratchikov] Today the DVTU encompasses a third of the territory of Russia—and, accordingly, the security of

its economic interests. It is difficult, apparently, to manage such a gigantic state mechanism?

[Sviridov] A lot of work was conducted for this purpose in the establishment of strong and mobile levers, 22 customhouses and 35 customs posts were dispersed in the Far East, and total employee strength reached 4,000 persons. In the first stage a lot of concerns were caused, of course, by the Chinese "unequipped" border and maritime line. After all, before this practically all maritime points (except perhaps for Nakhodka and the Vostochnyy port) were closed "under lock and key." Now the customs mechanism has basically been rectified. For example, our Sakhalin branch is now working with one of the most difficult points—the Sakhalin customhouses and the island posts. It is possible that we will take the same path in the future—the establishment of a DVTU branch—with Khabarovsk customhouses and a group of northern customhouses, although problems are being resolved more easily here than on Sakhalin. A lot undoubtedly depends on customhouse communications resources and the technical equipping.

[Bratchikov] Customs focus their attention on air, water, and land borders, one of the longest of which is with China. What is special now in our mutual relations with this big neighbor?

[Sviridov] In its relations with Russia, China lived behind an iron curtain for a long time. And its regular opening gave rise to a whole series of booms: trade, tourism, and "shuttles." To be honest, it became somewhat difficult for customs employees. There were not many crossing points, and they were absolutely unequipped. The avalanche-like flow at times broke through the barriers. Now the situation has changed. Many points were opened along the border in a short time which are fully capable of admitting a substantial amount of cargo and passengers. However, after a very busy period, the mutual interest has now abated somewhat. The Russian market has become oversaturated with Chinese commodities that are far from the best quality, and our entrepreneurs have begun to choose other partners. At the present time excellent world-level Chinese commodities are flowing to the West and are not finding their way onto our market. I suppose this is a temporary phenomenon, inasmuch as there has to be a new reassessment of values, and cooperation with China will expand once again.

A definite role should be played by the intergovernmental customs treaty concluded recently between Russia and China, which proposes in the near future to regulate procedures on the border and to intercept smuggled goods, especially in narcotics and armaments.

[Bratchikov] Vladivostok is called Russia's gateway to the Pacific Rim and the Far East—it's only open outlet to the Pacific Ocean. Therefore the tension for customs here is colossal. What problems do customs workers encounter here?

[Sviridov] We could be called Russia's gateway until such time as the railroad rates reached astronomical

heights. Tell me, what kind of interest is there in moving a "golden" railcar through Mother Russia, if the commodity loaded in it does not pay for the expenses? A kind of unpublicized demarcation of the country along the Ural ridge has occurred—Siberia, the Transbaykal region, and the Far East still use this gateway to the Pacific Rim, but the remaining part faces the West. Far Eastern ports are working at half-strength. High taxes everywhere "provide an incentive" even for once respectable firms to engage in smuggling. Customhouses, for example, are experiencing a lot of difficulties in monitoring the export of fish products, which now basically go abroad.

[Bratchikov] The year 1994 has brought in a substantial correction: A 12-mile Russian economic maritime zone has appeared. How do you intend, with no experience, to protect its bioresources?

[Sviridov] Historically, 12-mile territorial waters have always been in the jurisdiction of customs organs. But the situation has changed now. The destatization of the fishing fleet, discrepancies in world and domestic prices, lack of currency resources for fuel, equipment, and supplies, the spasmodic increase in transportation expenditures, and the increased cost of transshipment work in ports—all of this forces fishermen to bypass customs regimes by hook or by crook, to economize on feeding their own people, and to sell raw materials for a song on the international market.

Customs can work with the 12-mile zone only by concentrating attention on the most productive points—the south of the Maritime Region, the Sakhalin and Kamchatka coasts, and the Kuril Islands. But we cannot reach the whole Far Eastern littoral. The good experience of the concentration of efforts of the Border Troops, the Counterintelligence Service, the Ministry of Internal Affairs, and fish protection and customs in "Fishing Season-94" demonstrated that we must create a single coastal service that would work professionally on the protection of bioresources. Nevertheless, customs will establish its own patrol fleet and customs aviation.

[Bratchikov] Russia, in the example of Nakhodka and Sakhalin, got burned with "free economic zones." Now it is infatuated with special customs. The government passed a decree, and a memorandum has been signed by the administration of Nakhodka and the Russian Federation State Customs Committee concerning the creation on its territory of five such conglomerates. What is this—another infatuation?

[Sviridov] The fashion in SEZ's (Free Economic Zones) has passed. The idea of the krays and oblasts, which are grasping at the SEZ like a drowning man at a straw, was simple in its primitiveness—to get away from all forms of taxation. But the personal paradise did not happen either in Chita or in the Maritime Region, and even Professor-Governor Fedorov did not evade disappointment with the Sakhalin idea. However, Nakhodka was

the only one to turn out both documentation and experience, but...as always, the government did not have a law in its pocket on the SEZ. However, without one, not one sensible investor will give even a broken dollar for the development of the Russian coastline. So, Nakhodka got bogged down in its efforts to get into the international expanses without guideposts.

Free customs zones now have practically everything: law—a Customs Code—and a material-technical base. The trip by a delegation of the administration of the Nakhodka SEZ and customs officials of the DVTU to the United States made it possible to study the mechanisms of the American experience with the functioning of special economic zones. Now we have realistic opportunities to launch several such zones by the end of the year, on whose experience we will build a practice for their more active development in Russia.

[Bratchikov] You, Oleg Nikolayevich, drew only the outlines of the objects of customs influence, and already the immensity of the problems makes me feel uneasy. Carrying them out requires maneuverability, a perfected technical base, well-trained personnel... Does the Far Eastern administration have all this?

[Sviridov] Let us look into the program of DVTU development. This is by no means only a folder of documents. Construction already started in 1994 on 26 large installations—official buildings, motor vehicle crossings, bonded warehouses, and dwellings. For R60 billion per year. There is nothing like it among the GTK administrations in cost and scope of capital construction.

Second, and I have already mentioned this—we have completely formed the personnel staff. Now their operational capability is being checked. It is possible that we will have to replace some of them and rejuvenate some of them through professional training. A decision was made recently to open a branch of the Russian Customs Academy in Vladivostok—the selection of a teaching staff is now going on. In the course of a year or two we will be able to make it a strong training institution that will cover not only the needs of the Far Eastern customs region but also of Siberia. The Vladivostok technical-humanitarian college is already functioning—it trains personnel in juridical and economic specialties. Therefore I am confident that there will be personnel for the development of the Far Eastern Customs Service.

## INTERNATIONAL AFFAIRS

### Foreign Affairs Chiefs on World Distrust of Russia

954F0128A Moscow *SEGODNYA* in Russian  
18 Oct 94 p 10

[Article by Vladimir Nikolayevich Podoprigora, chairman of the International Affairs Committee, RF Council of the Federation [SF], and Tatyana Igoryevna Krasnopevtseva, candidate of economic sciences, expert,

International Affairs Committee, RF SF, under rubric "Nations": "The Russian Question as a Factor of Russia's Domestic and Foreign Policy"]

[FBIS Translated Text] The Russian question. That phrase is becoming increasingly customary, and one can encounter it with increasing frequency on the pages of publications with various political points of view.

Let us attempt with as little prejudice as possible to formulate the basic content of the Russian question. Its chief components are the material woes that are being experienced by a considerable segment of the Russian population (those who reside in conflict zones, those who are refugees, etc.), and the psychological loss felt by practically the entire nation as a result of the change of our position in the system of world existence, a loss that makes it necessary to reevaluate the national self-awareness. At their foundation, these effects were brought to life by the objective end of the entire historical era and by the major social shifts that occurred in our time. One can view them as the collapse of the Communist ideology, or as the disintegration of an empire, an event that was somewhat delayed with respect to the rest of the world (which is very typical of Russia); in the latter instance, the roots of the process should be sought much more deeply than in 1917. However, more probably, we have experienced a very large-scale peaceful and natural revolution, in which both components were organically combined.

#### Russians: Self-Awareness and Evaluation From the Side

Every ethnic group begins with the opposition between itself and the world, with the indoctrination and awareness of one's own dissimilarity with others, and the search for one's own peculiarities. Something else that is no less important for an ethnic group is how it is perceived by the nations surrounding it, and the extent to which they are ready to share its self-evaluation. It is from the coordination of these two perceptions that the true face of the nation and that nation's in the entire family of humankind develop. Unfortunately, the position of the Russians in this regard became very vulnerable during the past 70 years.

Prior to 1917 the Russian empire, and together with it the Russians as the dominant ethnic group, were not perceived by the outside world as anything negative. There were many empires, and the world's public opinion perceived the very fact of the colonization by some nations and states by others as a phenomenon that was, as a whole, profoundly positive.

Unlike the European empires, which arose after the national states had been created, the Russian empire grew simultaneously with the state: historically both processes were practically inseparable. The Russian authorities in a completely deliberate manner refrained from mastering overseas territories. Russians in the course of colonization did not engage in the slave trade, and did not make any attempts to destroy the traditional

cultures of the conquered nations. On the contrary, the local traditional elites received from the tsars various privileges which to the highest degree corresponded to the ideas of prestige among the conquered or annexed nations. Definitely not all expansion proceeded at the expense of conquests: many territories transferred to Russia's patronage for the purpose of protecting them against enemies who were threatening them. Of course, not everything was free of clouds. One blatant example was the national suppression of Poland, a country with a rich historical and cultural past. However, if one compares the Russia of that time with the other well-known colonial powers, it should not be reproached for being more cruel, more tyrannical, or for having an excess of national and racial arrogance. Right up until the end of the nineteenth century, no profound national dissension was noted. Other than the Poles and certain nations of the Caucasus, the non-Russian population did not cause any major problems for the Russian authorities.

The events that served as the impetus for the development of the national emancipation of the non-Russian population of the Russian empire were the events of 1905 and the establishment of a constitutional regime. It was at that time that various kinds of organizations that had the goal of expressing their aspirations through the Duma arose. In rather acute forms the national question, as applicable to the non-Russian nations, arose during the days of the February Revolution, when, under conditions of the collapse of the autocracy, various ethnic groups proved to have the opportunity not only to declare their demands, but also to insist of their satisfaction.

Dramatic events in the ethnic dissolution of Russia occurred throughout 1917. The declaration of the rights of nations that was signed by Lenin in 1918 was, in this regard, a unique and paradoxical document. It confirmed without any limitations or specifications a nation's right to self-determination, including secession from Russia. Even Lenin's supporters expressed their lack of consent to this program, which, they justly assumed, would Balkanize Russia.

The extraordinary nature of Lenin's solution was based on his erroneous assurance of the reliability of the economic integration of the regions, an integration that was capable of opposing the centripetal political tendencies, and on the strength of Marxist dialectics, according to which self-determination should have been understood as a premise subordinate to the highest principle of "proletarian internationalism." Reality proved to be completely different. In the course of the civil war, in many regions the events took on the nature of national-liberation movements. The empire was rapidly falling apart, reducing the opportunities to implement the stupendous ideological experiment. Lenin, who never stopped when faced by a change of tactics in the interests of achieving his basic goal, replaced the principle of national self-determination by the principle of federalism. But the federalism also was supposed to be of a special type, a federalism that provides neither equality nor power to the subjects of the federation. The

new authority that was established in the national borderlands, by using the window-dressing structure of the soviets, implanted the dominance of the Communist Party.

The end of the 1930's was the beginning of the massive implementation of the program to russify the nations of the USSR. By that time it was becoming more difficult for many nationalities to gain access to the prestigious and responsible occupations and positions. Another factor that played a major russifying role was the war, with its universal mobilization. The peak of all the russification campaigns occurred during Brezhnev's time, when there was sharp reduction in the republics of education in the local languages and the study of the Russian language was expanded.

The status of the Russians as the highest, most advanced nation was constantly emphasized by the party's entire propaganda and agitation machine. The phrases "the great Russian nation" and "the great Soviet nation" flowed smoothly into one another. For Russian listeners it became customary to be aware of their exceptional nature and their superiority. However, the more fixed this idea became in the mind of Russians, the less the other nations of the USSR, as well as the rest of the world, were ready to share it. Events that failed to promote mutual understanding were the repressions and genocide that were being carried out by the Stalinist party leadership with respect to various ethnic groups, in whose eyes the regime's inhumanity was associated with the Russians, who were also suffering from the regime's atrocities, but which at the same time also had certain attributes of being a privileged group. As a result, some were subjected to enforced russification, and others—the Russians—were deprived of their right to self-expression, which was replaced by an ideological one. The social structure of all the nations making up the USSR was disturbed. All the best, elitist segments of those nations were destroyed, and the ethnic groups were marginalized.

Nor was the attitude toward the Russians improved by World War II, which for us was the Great Patriotic War, and for the world for a long time that war remained the struggle between two inhuman regimes—the Hitlerite and the Stalinist regimes—which had managed secretly to divide Europe (the Ribbentrop-Molotov Pact) and then come to disagreements between themselves.

Yes, Russians fought desperately for their Homeland and liberated it from the usurpers. But they were simply unable to liberate anyone else. The unfree state could not bring freedom. And that is what differentiated us from our very own allies in the anti-Hitler coalition.

The industrialization of the USSR that continued during the postwar period led to a large increase in considerable internal migrations, which were caused by the need to build individual large-scale industrial sites and which, at the same time, reinforced the national borderlands by means of a more reliable and more easily controlled Russian element. The Russians, who had been subjected to prolonged ideological processing, calmly moved to the

national republics, without suspecting any possible turn of political events. During the postwar decades there was a sharp increase in the percentage of Russians living in Latvia, Estonia, Kazakhstan, and Moldavia. For example, during the period from the beginning of the 1960's through the end of the 1990's alone, the percentage of the Russian population in Latvia increased from 30 to 48, and that could not fail to cause the Latvians' dissatisfaction. A similar situation developed in Estonia. The indigenous Baltic nations began to be seriously afraid of the possibility of being completely assimilated in the Russian environment.

By that time a major change occurred in the development of world public opinion. Anticolonial moods dominated, and colonialism had already begun much earlier to be perceived as a reactionary and inhuman phenomenon. At a time when the largest world empires were disintegrating, the USSR had only begun to strengthen its possible, to build a new system of overseas territories that were ideologically under their power. The expansion and strengthening of the Communis empire of the Russians were perceived by the world community as crude coercion on the course of world history.

It is not surprising that the fears concerning the imperialist strivings of the USSR were automatically transferred to the Russians and the new Russia that is being reborn and that is taking he first steps in the direction of establishing its state system.

The very fact of the existence of distrust of the Russians and Russia on the part of world public opinion reduces the possibilities of the further completely valid development of the country, hinders its entry into the world community, and complicates the resolution of a number of current problems, including the problems of the status of Russians in the new abroad.

#### Russians in the New Abroad

As a result of the collapse of the USSR almost one-sixth of the Russian ethnic group—25 million persons—proved to be in countries abroad. The fractionation of the ethnic group and the administration rejection of such a considerable part of it, especially under conditions of a domestic demographic situation that was unfavorable for it, represent a potential threat of its physical loss of blood. One alternative that might become attractive is the one in which all the conditions are created for repatriating the citizens of Russia (in addition to ethnic Russians, representatives of other nationalities who are citizens of the Russian Federation have also found themselves to be abroad). However, for a number of reasons it is not so simple to do this.

First, the Russian authorities failed for too long a period of time to be aware of the importance of this alternative for resolving the problem. Despite the fact that the problem has already existed for four years, it is only at the present time that the first attempts are being made to confirm in the government this kind of program, the

basic areas of which, despite its importance, have not been discussed by the RF public.

Secondly, repatriation of such a large number of population cannot be a one-time action, since it requires for this purpose material, financial, and organizational expenditures.

We assume that it would be extremely undesirable to resolve this problem from the position of intimidating the new independent states, from the position of using strength to force on them the decisions that are convenient for us. In Europe there are fresh memories of how Hitlerite Germany concealed its aggression by showing concern for the status of Germans in Czechia and in the Danzig enclave in Poland.

Our task is to prevent the possibility of the appearance in European public opinion of similar analogies with modern Russia. But there are other analogies in world history which at least deserve attention. The experience of dismantling the empire of the West can be extremely beneficial. Not always, but sufficiently frequently, the former metropolitan centers succeeded in stipulating favorable, or even privileged, conditions for their compatriots which, by the will of fate, continued living on the territories of the former colonies. The new authorities of the former colonial states in a number of instances paid, and continue to pay, the former servicemen in the colonial armies substantial pensions that are larger than the average wages in the country. At such time no one prohibits using on the territory of the former colonies the language of the former metropolitan center. In addition, for example, Great Britain succeeded in strengthening the laws concerning the use of very important strategic sites on the territories of former colonies, including ports, for many decades. As a rule, all this was achieved at the expense of the maneuverability and sophistication of promptly directed diplomatic efforts.

Our diplomacy in this regard was not at the top of things for a long time. Diplomacy made a sharp turn from the aggressive-imperial strivings of the Soviet period to naively altruistic gestures which were evaluated as the manifestation of weakness, rather than a deliberate transition to more humane positions.

It was precisely as a manifestation of weakness that the West, to which national egoism is definitely nothing new, perceived the complete disregard of national economic interests in the question, for example, of troop withdrawal. As in the situation with Lenin's thesis of "unconditional secession," at first there was no stipulation of any conditions that could facilitate for Russia the completely difficult financial and organizational processes. The passivity of the Russian authorities in the matter of defending the Russians in those countries put the initiative in the hands of the most extreme political groupings, which are successfully using the current difficulties to increase their own popularity.

One of the most important tasks of the Russian state at the present time is the seizure of the initiative in this

question, which is something that apparently has been successful. It seems to us that now, despite the fact that much time has been lost and many mistakes have been made, it is necessary to formulate the principles underlying Russia's attitude toward the problem of its compatriots abroad. These principles must be "mildly rigid." On the one hand, they must not intimidate the world community or create any odious historical associations. On the other hand, they must be sufficiently effective to be a constant source of pressure on the appropriate countries. By way of example one might cite the well-known tying in of the status of a trade partner, as granted by the United States, with the observance of human rights. Without a doubt, we are capable of using for a similar purpose, for example, the rates for the delivery of energy resources. The policy of tie-ins in the matter of resolving the problem of the status of the Russian population abroad can and must be given a solid foundation; the principles must be broadly discussed and adopted by parliament, and must be disseminated both in Russia and throughout the world.

#### Russians and the Federal Structure

Until today a certain circumstance has not been recognized by us. It is precisely the fact that at the present time we are living in a state that consists almost entirely of a single ethnic group, in which Russians constitute 81.5 percent of the population (as compared with 50 percent in the USSR), whereas the share of the other nations is considerably less. For example, the next largest ethnic group, the Tatars, constitute only 3.5 percent of the total population of Russia. This circumstance, in and of itself, is extremely important and exerts an influence on the growth of federal relations in the country that is greater than is generally thought.

The federation that Russia inherited from the Soviet authority is not such by definition. According to the classic definition (see Brokgauz and Yefron's fundamental Encyclopedic Dictionary), a federation is a state structure in which the component (subject) have equal rights and are isolated in accordance with a single criterion. The strict adherence to a single criterion guarantees the stability of the federal formation. As of today, there is nothing like this in the Russian Federation. Just as, for example, the country's population does not have an firm conviction concerning the desirability of precisely this form of state organization, especially since, until recently, the state functioned as a unitary one (both during the prerevolutionary and postrevolutionary period). At the present-day level of development, the desirability of the federative form is dictated by the size of the country. With a ramified, complicated economy it is impossible to imagine the effectiveness of centralized management on such a large territory.

The existence, however, of subjects of the federation who have been isolated on the basis of different criteria (the territorial and the national-territorial) evokes justified criticism. It brings into the relations among subjects the

element of unhealthy competition. Among the national-territorial subjects, for reasons that are hard to explain, there are many more rights than among the territorial ones. Meanwhile, in only four subjects of the Russian Federation the titular ethnic group constitute more than 50 percent of the total population (Chuvashes, 69 percent; Tuvinians, 64 percent; Chechens, 58 percent; Ossetians, 53 percent). In all the remaining instances, the national-territorial subjects in principle cannot be such, since the titular ethnic groups constitute in them a definite minority, while the majority is made up of Russians who, it would seem, are twice infringed upon with regard to national rights: the first time as part of the territorial subjects, and the second as part of the pseudo national-territorial ones, in which they have been recognized as occupying the second place with regard to status. They are not considered to be the indigenous population, although they have been living on most of the territories since the times of Ivan the Terrible. In general, however, at the present time, after the passage of a prolonged historical period, Russians are the indigenous population on the entire territory of the Russian Federation and definitely have as many rights to the land and to the administration of the territories as any other nation does. Strictly speaking, the current national-territorial subjects with a small titular population ought to be considered as protective territories for small ethnic groups that are being subjected to the threat of extinction. It must be hoped that the enacting of the law governing the legal status of nations of Russia with small populations will provide the opportunity to resolve the problem partially, although the draft of that law that is being reviewed at the present time in the Duma definitely needs major adjustments and modifications.

Even perfect national-territorial division will inevitably lead to newer and newer conflicts, since in Russia, in any subject of the federation that has been isolated in accordance with the national-territorial principle, there will always exist side by side at least several ethnic groups in addition to the titular one, and they possess privileges. Those ethnic groups will expand the struggle for their rights. The country will be bogged down in a quagmire of ethnic conflicts and a favorable climate will arise for the development of chauvinistic, fascist tendencies and of Russian Nazism. In general a state that has been constructed on principles of ethnic federation, as a rule, is extremely unstable. In addition, one would scarcely think that Russia has more chances of being similar to Switzerland than to Yugoslavia. Would it not be better for resolving the national questions to use the possibilities of the cultural autonomies that are under the protection of the law and that have a number of privileges?

The complexity of the solutions of the national question and its present-day tie-in with Russia's administrative-political structure, dictate the desirability of the individual approach in interrelations between the federal agencies of authority and the subjects with the need to observe base equality in the latters' rights. The base inequality of the subjects destabilizes the state structure

and artificially creates a "difference of potentials," in which tension inevitably arises.

The Russian Federation today is not yet a federation. The achievement of a mature federative structure is just as remote a goal as the creation of a civilian society. The striving for this long-term goal can become the basic content of the transitional period from a totalitarian state to a democratic one.

B. N. Yeltsin's statement to the effect that the subjects of the federation should take for themselves as many rights as they are capable of swallowing is widely known and has been commented on in various ways. It seems to us that this idea of the president's is profoundly true, since that is the only possible path to augmenting the advertised rights with real content: all the subjects have to do is to measure their appetite against the possibilities. The practical equalizing of the authoritative powers of the subjects will occur gradually.

There is one more consideration. A large nation and a large territory have always given rise to the sensation of limitlessness and power and have created illusions of the inexhaustibility of spiritual and physical forces and of national grandeur. In order to maintain that sensation, neither the Russian nor the Soviet rulers spared the nation. Moreover, the nation itself readily sacrificed itself to that idea. However, that idea did not justify itself, exhausting the forces of the nation and failing to bring any spiritual satisfaction. The striving to achieve the recognition of national grandeur, by winning more important roles in resolving worldwide conflict situations than we can allow ourselves is not only fraught with new difficulties for the nation, but also places us at times in a ridiculous and false position. Isn't it better to attempt for some historical period to concentrate calmly on resolving our own problems? Perhaps in this position there is no grandeur, but there is national dignity. And that is the main thing.

#### East European Fears of Russian Expansionism Viewed

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[Article by Vyacheslav Yelagin, head of the Information and Press Department of the RF Ministry of Foreign Affairs, and Valentin Ovsyannikov, senior adviser of the Information and Press Department: "The Worn-Out Record About the "Imperial Ambitions" of Russia"]

[FBIS Translated Text] In the European press something anti-Russian appears from time to time. Now the democratic direction of Russian foreign policy is called into question, its orientation toward the principles and norms of international law, now alarm is raised in connection with an imaginary "Russian threat." At present, precisely this thesis is being whipped up with redoubled energy in the pages of the press, and attempts are being made to give it a theoretical foundation. Some

East European political scientists in particular have been especially successful, including those who before the "velvet revolutions," for all to hear, branded the aggressive essence of NATO policy. Today they see the basic threat in the person of Russia, which was exactly the first to end the bloc confrontation on the European continent.

Most of all, the turncoat theoreticians (for example, from the Czech newspaper LODOVE NOVINY) are worried about the role Russia is playing in the territory of the post-Soviet space. They persistently accuse Moscow, they say, of aspiring "to take in hand" the other states of the CIS, using economic and military levers to this end. They detect expansionism even in the participation of Russian peacekeeping forces in the operations in Bosnia-Herzegovina, not to mention protection of the Russian-speaking population in the former Soviet republics.

But others descend to base commentaries about the present situation in Russia. Thus, MLADY FRONTY DNES justifies its anti-Russian attacks by the "uncertainty of the development of events in Russia and in other CIS countries that are experiencing protracted economic decay." In what way are these not assessments of the times of the ideologists of the "Cold War," regardless on what side of the barricades they stood during that troubled time?

Unfortunately, analogous thoughts wander in the heads of a number of high-ranking politicians in Eastern Europe. The Polish minister of foreign affairs, A. Olechowski, in an interview with the Austrian newspaper PRESSE, warned that the "Russian Federation with its unpredictability may form its own isolated world around itself," and in order to avoid this proposed to apply to it a carrot-and-stick policy. The "carrot" in the form of Western assistance. The "stick is necessary, in his understanding, for resisting certain "inadmissible" steps of Moscow, above all the realization of its present conception of the formation of relations with the near abroad and its efforts not to allow Poland into NATO.

In the Czech Republic the thesis about the "imperial ambitions" of Moscow has become popular against the background of Russian indebtedness and the privatization of Czech petrochemical enterprises. In Poland, the "splash" about "Russian hegemonism" coincided with the 50th anniversary of the Warsaw Uprising. Polish political scientists have gone farther than their Czech colleagues. Having examined the results and having represented the USSR as the "most malicious" enemy of Poland, they have practically started the revision of the entire history of the Second World War and the postwar period.

What is the goal of these theoretical exercises? The creation of the "enemy image" in the person of Russia, evidently, is supposed to confuse the population of the East European countries, to suggest to it that democratic Russia is supposedly a state with aggressive intentions. According to a public opinion survey published by the newspaper RECH POSPOLITA, 48 percent of the

respondents express anxiety over the threat on the part of Russia, and in Germany—only 19 percent of the respondents.

One can also not exclude suggestions about the desire to consolidate one's own society with the help of the extremely simple foreign threat method. But in this case, it would seem, some people want to go further: To "deprive" Russia of the status of a great power and to call into question its long-term national interests, its special responsibility for the maintenance of stability throughout the entire post-Soviet space. And, you know, precisely this was the subject of discussion in the course of the recent Russian-American summit.

Indeed, from the point of view of common sense, it is simply absurd to subject Russia to attacks for peace-making activity on its southern borders that requires enormous resources. At this moment, in four separate peace-keeping operation of Russia alone, 18,000 servicemen are being used. Since the beginning of the current year alone, 77 Russian border guards have died guarding the border of the CIS in Tajikistan.

Meanwhile in the West people do not repudiate the conception that recognizes the right to the existence of regional spheres of influence of the leading world powers, including Russia. Its essence lies in the fact that they are obliged to act in these zones in accordance with the norms of international law and under the control of regional organizations. The same United States invariably underscores its special responsibility for what is happening in the world. But relatively recently, M. Schneider, an adviser to the U.S. secretary of state, for Russian questions, explained the official American position in regard to the problem of the reintegration processes in the CIS: He declared that the administration of the United States will not resist the integration of the former Soviet republics on a voluntary basis and supports the idea of the creation of an economic union on a market basis.

The efforts of Moscow in regard to securing stability in the CIS are receiving increasingly wide recognition of the world community, in the circles of the CSCE and the United Nations. In his speech at the press conference in Tokyo, UN General Secretary Boutros-Ghali made special mention of the special role of Russia and the CIS countries in peace-keeping operations of the United Nations in the territory of the former Yugoslavia, in Georgia, and Tajikistan.

However, all this is ignored by the authors of the theory of the "threat from the East." They fret about the fact that Russia opposes the expansion of the North Atlantic Bloc through the acceptance of new members. LODOVE NOVINY predicts even the "Russification" of Europe and hysterically demands to again lower an "iron curtain" in the case of the victory of the "Russian statist."

Unfortunately, some Western figures are of the opinion that in the years ahead the countries of the "Visegrad group" will be able to become full members of the North

Atlantic Alliance: The entry of Hungary, Poland, Slovakia, and the Czech Republic into the alliance is bound to occur before the year 2000.

Is it really not clear that the expansion of NATO may entail the complication of the situation on the European continent and even call forth a "crisis of confidence" in the relations between the countries accepted into the bloc and those who find themselves outside this military-political organization? It is quite probable that the reanimation of bloc structures is able in the end to bring about a new division of Europe.

Russia, after all, having signed the "Partnership for Peace" program, is ready for a broad effective partnership with NATO in regard to a whole range of problems of European security and stability. And it is precisely in this that I would like for serious politicians to see the priority of foreign policy, and not to replace it with the ancient melody about the "imperial ambitions" of Moscow from a worn-out record.

#### Comment on Why Kozyrev's Baghdad Mission Seen as Failure

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[Article by Vladimir Abarinov: "Loss of Face"]

[FBIS Translated Text] Incensed at Douglas Hurd for his sharply negative evaluation of the Baghdad understandings, Andrey Kozyrev canceled his meeting with him, stating that "British diplomacy is losing its face." Such a step on the day when the Queen's visit began could be treated as an obvious demarche. One can understand the minister: it seemed to him that he had found an ideal resolution of the Iraqi crisis, and his Western partners responded to it with black ingratitude. Even Paris, whose support, one must assume, Moscow was entirely counting on, deemed it necessary to distance itself from the Russo-Iraqi communique. As for Clinton, he stated openly that the content of the Baghdad document contradicts the meaning of his telephone conversation with Yeltsin. The Security Council did not heed the appeals of the Russian representative to await Kozyrev's arrival and, in the night-time hours between Saturday and Sunday, adopted a resolution requiring the immediate and complete withdrawal of Iraqi forces from the border with Kuwait and banning such maneuvers in the future. In Washington it is assumed that the resolution text provides grounds, in the event of a new threat to Kuwait's security, for delivering preventive strike against Iraq.

Thus, Kozyrev's mission achieved a directly opposite effect. Of course one can only regret this, but it is even more important to analyze what occurred and wherein lies the error committed by the Russian diplomats.

For more than a year Moscow has been persistently attempting to lift the oil embargo that had been put on

Iraq by the United Nations Security Council as punishment for aggression. Iraq partially fulfilled the conditions under which the sanctions could be eased. A special United Nations commission confirmed that Baghdad had stopped production and had destroyed the reserves of chemical and biological weapons and missiles. A system of long-term monitoring had been established at military-industrial sites in Iraq. Upon the expiration of the monitoring period, the Security Council can remove the ban on the exporting of Iraqi oil, and Russia will be able to collect from Iraq the debts that are estimated to be \$7 billion. (That figure, incidentally, is not undisputed: at one time MID [Ministry of Foreign Affairs] disputed the MVES [Ministry of Foreign Economic Relations] estimate.)

There exists, however, yet another condition: Iraq must officially recognize the sovereignty of Kuwait and its borders, that have been demarcated by United Nations experts. There is nothing excessive in this demand, and Saddam, Kozyrev asserts, agrees in principle to satisfy it, but he wants to sell his consent at a slightly higher price. The position occupied by Russia is precisely what offers him the opportunity to barter. Obviously, in the world there have been and will continue to be territorial disputes, but the Persian Gulf is a region that is too sensitive for the world economy to allow the participants in that dispute to clarify the relations by force of arms.

Most probably, people at the Russian MID decided once again to use the Bosnian model: to give Saddam a "carrot" in exchange for peace. The problem lies in the fact that Saddam does not have his own Karaljic, whom he could accuse of being a warmonger. Therefore it is definitely not by accident that the Russian press printed reports about differences of opinion between Saddam and the group of reactionary generals which allegedly is preventing him from turning away from his rigid line—well, it's simply Gorbachev surrounded by members of the GKChP [State Committee for the State of Emergency], and nothing else. In addition, the partial removal of anti-Serbian sanctions has in no way advanced Bosnian settlement.

No one disputes Russia's right to have special relations with Iraq, so long as they conform to national interests. In essence, it is possible even to invite Saddam to Moscow—why not, if today Moscow is not embarrassed to call Russia a state that is friendly to Iraq? One can accuse the Americans as much as one wants for seeking a pretext for a permanent military presence in the Gulf zone, but this is rhetoric that in no way changes the political reality. Reality today consists in the fact that the Western powers want to protect themselves against unpleasant surprises, and there is probably no one who will undertake to deny them their right. That is why, in fact, diplomacy exists, and in particular the institution of having preliminary consultations in the Security Council in order to preclude any false signals and to bring positions closer together by means of fine tuning.

For the time being, however, the Russian minister has taken another path. Arriving in New York, he accused the Security Council of employing a double standard, emphasizing that this kind of practice harms the authority of the Security Council and the United Nations as a whole. At the same time he demanded the reconsideration of the attitude toward Russian peace-keeping operations in Tajikistan and Georgia. The new "frosts" have become a reality.

#### Duma Deputy on Foreign Economic Activity

*954Q0046A Moscow DELOVOY MIR in Russian  
19 Oct 94 p 1*

[Interview with Viktor Leonidovich Mashinskiy, Duma Economic Policy Committee member from the New Regional Policy parliamentary faction and well-known Siberian entrepreneur, by DELOVOY MIR Political Commentator Boris Krotkov, under the rubric: "Federal Assembly": "The MVES Draft Has Been Thoroughly Revised"]

[FBIS Translated Text] Today the next thing on the State Duma's agenda is a review of the draft law "On Foreign Economic Activity". Viktor Mashinskiy, a Duma Economic Policy Committee member from the New Regional Policy parliamentary faction and famous Siberian entrepreneur, will submit it. DELOVOY MIR Political Commentator Boris Krotkov spoke with him yesterday.

[Krotkov] Viktor Leonidovich, this will be the first question I pose to you: foreign economic activity is being conducted in Russia right now based on what legislation?

[Mashinskiy] There is no single, special law. Work is being conducted based on the president's edicts and government decrees. Incidentally, there was no law on foreign economic activity during all the years of Soviet rule.

[Krotkov] What is the basis of the document that you will submit to the Duma?

[Mashinskiy] The draft that was received from the government. But it has been thoroughly revised because it was compiled purely under the MVES [Ministry of Foreign Economic Relations]. That department was given the right of interference in the work of any subjects of the foreign economic sphere. I must add that, while polishing our variant, we attentively studied the corresponding legislation of the United States, Japan and Germany.

[Krotkov] While working on the document, you obviously had to attentively observe how foreign economic activity is organized in our country today. What conclusion did you arrive at?

[Mashinskiy] A very critical conclusion. There are very many shortcomings in the sphere that we are talking about. And first among them—are the continuously changing "rules of the game". Every six months, and sometimes even more often, either the customs duties or the procedures for exporting some goods or other change or the

procedure for obtaining authorization for transactions changes—either the monopoly is toughened, complete freedom is introduced, or some special exporters appear... All of this harasses the people and the state loses enormous resources. By the way, I learned about this not right now while working on the draft but, as they say, through my own bitter experience. Prior to my election to parliament, I was general director of "Baykalit" Stock Company in Irkutsk. We were engaged in exporting oil through Far Eastern ports. The business widely expanded and we invested nearly one billion rubles in it. The investment was not in current rubles, but in rubles of those times—Soviet rubles. And when we had set up everything, they told us: Only special exporters can be engaged in oil exports. And, since we were a commercial and not a state structure—we ended up with nothing.

[Krotkov] How would you word the primary task that the new law must resolve?

[Mashinskiy] There are at least two. The first—is to create stable and predictable "rules of the game". The second—is to create conditions when Russian exporters and importers would be independent of the bureaucrats.

[Krotkov] That is an understandable desire but is it attainable?

[Mashinskiy] I hope so. Our draft law stipulates that the government, while submitting a budget to the Duma, simultaneously reports that it needs to sell these quantities of the following goods—oil, gas, cellulose, metal, etc., insofar as it must have a certain sum in hard currency in the new fiscal year. The Duma approves these quotas and the government fulfills them. All other export transactions must be carried out without any quotas whatsoever and already directly, bypassing MVES.

[Krotkov] And what does your draft law say about who can participate in foreign trade transactions?

[Mashinskiy] Any Russian citizen. Article 10 states: "All Russian persons who are registered in accordance with Russian Federation law have the right to carry out foreign economic activity. Special state registration of Russian persons who have the right to export individual types of goods and services such as, say, arms, radioactive materials, and precious metals and stones, can be introduced legislatively according to a Russian Federation initiative. In all other cases, registration will be exclusively informative in nature."

[Krotkov] And how will it be if the organs of power still refuse a registration or—which very often occurs—revoke a license to carry out corresponding deals?

[Mashinskiy] I will once again respond with a quote from the document we have prepared: "The interested party has the right to turn to the courts or to a court of arbitration with a statement that recognizes that act as null and void." In the process, in the event of a decision

in favor of the plaintiff, the latter can demand—once again through a court—compensation for damages which he has borne as a result of the authorities' voluntaristic activities.

[Krotkov] In other times, we recognized only a state monopoly on exports and imports. But right now it seems that the introduction of such a monopoly is impossible.

[Mashinskiy] That is not so. Our draft states that Russian Federation law can define a list of individual types of goods for which a state export and import monopoly is being established. In that case, the right to conduct transactions is granted exclusively to treasury enterprises or to state institutions or departments.

[Krotkov] We know that local and foreign businessmen abroad can join together in associations, trade and industrial houses based upon sector, territorial or other principles to ensure the protection of their interests. Does the law provide for the introduction of something similar in our country?

[Mashinskiy] It does. But in the process the law will state that such associations must not be utilized to monopolize a market or restrict conditions of competition for Russian and foreign persons who do not join them.

[Krotkov] How was the draft law greeted in the factions?

[Mashinskiy] We encountered two questions. The Democrats from Gaydar's and Yavlinsky's factions generally oppose any registration whatsoever of individuals who desire to be engaged in foreign economic activity. The Communists and Agrarians categorically demand that we remove from the draft law the article in accordance with which Russian persons are given the right to carry out investments abroad. I personally think that application registration will not cause any harm. I am also convinced that we need to give Russians the right to freely dispose of their resources as they see fit. They have earned the money, received it, and paid all of the appropriate taxes and they should do what they want to with the rest of their money.

#### **Management of Foreign Economic Operations Examined**

954Q00404 Moscow EKONOMIKA I ZHIZN  
in Russian No 42, Oct 94 p 1

[Article by V. Oreshkin, director of All-Russian Market Research Institute and EKONOMIKA I ZHIZN staff expert: "Foreign Economic Operations: The 'Gaps' in Legislation Are Disappearing"]

[FBIS Translated Text] The flaws in the Russian legislative base for the regulation of foreign economic operations are one of the main destabilizing factors in this area. The creation of a national legal base for this kind of regulation on a qualitatively new level should be advanced by the State Duma's passage of a series of laws drafted and

edited by various Russian agencies in 1993 and 1994. Regrettably, there have been too many delays in this process. We can only hope that parliament will approve the best of the alternative bills submitted to it before the end of the year. This would provide incentives to the immediate participants in foreign economic operations for more active efforts in foreign markets and would satisfy statewide interests.

Although the law "On Foreign Economic Activity," the first such law drafted in our country, would seem to be of a general and institutional nature, it should alleviate some of the urgent problems in this sphere of the nation's economy. All of the drafts of the law define the basic standards of the government regulation of foreign economic activity, the procedures to be followed by participants in this activity, and the rights, obligations, and responsibilities of government agencies of the Russian Federation and members of the Russian Federation and of immediate participants in foreign economic operations. The drafts were based on Russian laws which had already been passed, and they consequently include some of the provisions of the laws on the regulation of foreign investments, currency regulation and currency control, customs tariffs and the customs code, other legislative enactments of the Russian Federation regulating entrepreneurial activity in the country, and the international treaties of Russia after their ratification.

The main sections of the drafts are those specifying the matters under the jurisdiction of the Russian Federation and members of the Russian Federation or their joint jurisdiction. In this respect, the legislation on foreign economic operations is primarily based on the premises of the Constitution of Russia.

In accordance with these, the Russian Federation should have jurisdiction over the theory and strategy of the development of foreign economic operations and the basic principles of Russia's foreign economic policy for the purpose of protecting its economic interests and economic security, as well as the choice and institution of measures to regulate rates, measures, taxes, foreign currency operations, foreign investments in Russia, and Russian capital investments abroad, the conclusion of international treaties, and membership in international organizations.

The prerogatives of members of the Russian Federation might consist in the following: First, members of the Russian Federation would organize foreign economic operations within their own territory autonomously, in accordance with federal laws and local conditions and needs. Second, members of the Russian Federation would have the right to offer guarantees, in addition to federal financial backing, to participants in foreign economic operations registered within their territory. The Russian Federation would not be responsible for the additional guarantees of members of the Russian Federation. Third, members of the Russian Federation could offer guarantees and privileges to participants in foreign

economic operations only in connection with the fulfillment of their own obligations to the budgets and extra-budgetary funds of members of the Russian Federation and participation in the use of the property of members of the Russian Federation.

The privileges extended by members of the Russian Federation to "their" participants in foreign economic operations should not conflict with the international obligations of the Russian Federation.

Matters under the joint jurisdiction of the Russian Federation and members of the Russian Federation should include the coordination of the foreign economic ties of members of the Russian Federation and the exchange of information about foreign economic activity. The sphere of joint jurisdiction should also extend to the use and repayment of credits and loans secured by budget revenues of members of the Russian Federation; the determination of the procedure for investing foreign funds in federally owned facilities located or operating within the territory of a member of the Russian Federation; the drafting and implementation of regional and interregional programs. There will be a need for the joint coordination of the export operations of different regions for the maximum realization of their export potential, as well as the activities of different regions in the creation and functioning of free economic zones and the regulation of border trade.

The law "On Free Economic Zones" is among the economic bills the Duma plans to consider first.

The free economic zones (FEZ's) in Russia will operate on the basis of special parliamentary and governmental decrees, presidential edicts, and local administrative ordinances. The domestic and foreign economic operations of enterprises located in these zones will also be regulated by the federal laws passed in 1991-1993 and the numerous procedural materials of the Russian Ministry of Foreign Economic Relations, State Customs Committee, Central Bank, Ministry of Finance, and State Tax Service. No law on free economic zones was passed when the USSR was in existence or after the national legislation of the Russian Federation began to be established.

Therefore, Russia still does not have a sound legal basis for the development of these zones, and the processes of their creation and functioning are at a virtual standstill.

The best alternative bill, drafted by the Russian Agency for International Cooperation and Development, underscores the special role of the FEZ in the possible development of Russia's export potential, the augmentation of the country's foreign currency receipts, and the establishment of more active foreign economic contacts for the whole country and its separate regions by attracting Russian and foreign investments, advanced equipment and technology, and managerial experience. In this context, the authors of the draft made use of the foreign experience in the creation and functioning of the free

economic zones that have proved to be effective in many countries. The categorization of export production zones (of the production type) and free customs zones (of the warehousing type) as free economic zones is also in accordance with common world conventions.

Export production zones are established in regions with a developed production and transport infrastructure and favorable conditions for foreign economic operations. They are laid out as industrial parks, in which investors lease parcels of land and production facilities for the development of export-oriented production units of the processing branches of industry. Free customs zones are established at border checkpoints and in ports, airports, railroad hubs, and other locations with regular foreign trade freight traffic. Their territory is occupied by consignment warehouses, display areas for trade fairs, and facilities for the finishing, sorting, packing, and labeling of goods brought into the zones for subsequent re-export and delivery to other parts of Russia.

The draft defines the fundamentals of economic operations in the free economic zones. The key elements are the special (preferential) customs procedure, special currency regulations, and the suspension of non-tariff export and import controls in all of these zones, and a system of tax privileges and an investment permit requirement in the export production zones. Furthermore, the export production zones will have special, preferential customs regulations, including the waiving (or lowering) of customs duties and a simplified procedure for the conveyance of goods across the state border, established with consideration for the specific conditions and distinctive features of each zone.

According to the draft, the currency regulations will permit the use of foreign currency within the territory of the zones and for settlements between enterprises in the zones and enterprises located outside the zones, with the subsequent clarification of these rules by the Bank of Russia.

Tax privileges may be granted to export production zones exporting more than 50 percent of the goods they produce (lower profit taxes, "tax holidays," exemptions for reinvested profits, and others). The specific privileges extended to investors may vary depending on export volume, degree of processing, the current set of investment priorities, and the classification of the technology, materials, and components used in the final product. The minimum federal tax rates cannot fall below 30 percent of the rates in effect in Russia.

The investment permit requirement in export production zones will obligate investors to obtain investment licenses (or permits) from the administrations of the zones. They will be issued to investors on the condition of the export of more than 50 percent of the total product within two years after the registration of the enterprise, and the observance of environmental and other requirements. The failure of the investor to fulfill these obligations will incur the penalties envisaged by Russian

legislation, including the revocation of his license and the nullification of his registration.

There is no doubt at all (and this is confirmed by foreign experience) that one of the main reasons for the creation of free economic zones, especially the export production zones, is the need to establish a favorable investment climate, including the conditions of foreign capital investments. The draft law takes this into account and institutes privileges (within reason) in the sphere of domestic and foreign economic activity by Russians and foreigners doing business in the production sphere geared to foreign economic operations.

The effectiveness of the law "On Free Economic Zones" will depend largely on, first of all, the strength of its "linkage" with other laws regulating foreign capital entering Russia and now in the stage of intensive revision—these are the new draft of the Fundamentals of Legislation on Foreign Investments in Russia and the law "On Concessions and Product-Sharing Agreements." Second, this will require changes in the provisions and standards of existing legislative enactments on domestic and foreign economic operations by Russians and foreigners within the country, primarily in the sphere of taxation. Third, there is still an urgent need for the timely and coordinated preparation of procedural materials by Russian ministries and departments to clarify the application of laws.

### Collapse of Foreign Support for Sakhalin Oil Project Eyed

954F0121A Moscow *IZVESTIYA* in Russian  
19 Oct 94 p 4

[Article by Boris Reznik: "The Sakhalin Project: Running in Place"]

[FBIS Translated Text] Sakhalin Oblast—A year and a half ago, the Russian press, radio and television were quick to announce that Amoco, a big American company, would be participating in an international tender for the right to develop new oil and gas deposits on the Sakhalin shelf. This was the Sakhalin-3 plan, with its Kirinskiy and Veninskiy deposits. At about that time Amoco opened an office on Sakhalin. And just recently the director of Amoco's Sakhalin project, David Cook, announced that the office was closing. As he was leaving for home, he stated diplomatically that both he, himself, and his colleagues "had learned a lot of useful things from their Russian partners."

It is hard to imagine that practical Americans would maintain an office for more than a year on a faraway Russian island for the sake of "useful things." After Amoco announced that it would not be participating in the tender for the Sakhalin-3 project, the world famous firm Shell...

The situation concerning the shelf's development is not going anywhere. Foreign investors, specifically participants in the MMMSh consortium (Mitsui, Mitsubishi,

Macdermott, Marathon and Shell), to whom the Russian government has granted the right to the development and exploitation of two deposits—Lunskiy and Piltun-Astokhskiy—that were discovered a long time ago, is in no hurry to invest money in them. The problem is a "trifle:" there is no law in Russia on the apportionment of product. True, at the end of December of last year, B. Yeltsin issued a decree that had a very hope-inspiring name—"On the question of agreements on the apportionment of product obtained through the utilization of mineral resources." Our specialists, amicably and without question, approved the document before the president signed it. But instead of accepting the decree as a guide to action, businessmen from the American company Exxon who had flown into the Russian capitol found significant contradictions in it, reducing the document to the level of blank paper. For example, in point 13 of the decree it is written: "The present decree will be submitted for examination by the Federal Assembly." While point 14 says: "The present decree goes into force from the moment of its signing."

Not a single jurist, even from the Russian president's own legal service, was capable of understanding that nonsense. For this reason, our cautious foreign partners still prefer to await the State Duma's adoption of a law on the apportionment of product before investing their funds in the shelf's development.

Last summer, when Ivan Rybkin, State Duma chairman, was on Sakhalin meeting with the island's residents, he gave his word that the law would be adopted in July of this year. July passed, and the deputies went on their break without adopting the important document. In the list of priority matters that they intend to work on when they assemble in October, there is no presidential decree on the apportionment of product obtained through the utilization of mineral resources, or any analogous law. Without these documents, there won't be any progress from square one for Sakhalin-1, Sakhalin-2, Sakhalin-3...

After this, Moscow officials still have questions for some reason about the territories' separatism, about their silly attempts to solve the problem of economic rebirth on their own.

You will recall that according to the estimates of foreign oil industry circles, which do not differ much from data obtained by our own domestic specialists, judging by the scale of the deposits discovered on the Sakhalin shelf, we can hope for a possible output of 17-18 billion barrels of oil, which is comparable to the oil reserves in the North and Norwegian seas. In the North Sea, just as on the Sakhalin shelf, the first oil and gas deposits were discovered fifteen years ago. Hundreds of millions of tons are already being extracted there, tens of floating platforms have been erected on oil and gas fields. The economies of Norway, Great Britain and many other countries are flowering, to a large extent thanks to the development of those natural riches; God knows how much time we will still be fated to count up lost profit and confusedly

explain to potential foreign partners why things here are still not the way they should be.

There is no work on the shelf, but judging by appearances—there is more than enough! Bureaucratic structures are multiplying with fantastic speed. A department on the development and exploitation of the shelf has been created at the Sakhalin Oblast Administration. There is also a coordinating center with the same name that has been headed by the former Russian people's deputy, V. Timofeyev. It would seem that this was more than sufficient. But recently the idea was born to form an association of enterprises—possible (?) participants in the shelf's development.

And recently information agencies announced the creation of a new transnational company—Sakhalin Energy Investment, with headquarters in Bermuda. The purpose of the firm is the development of oil and natural gas deposits on the shelf of Sakhalin Island. Sid L. Black, the permanent representative on Sakhalin for the MMMMSh consortium, stated to a correspondent from the newspaper SOVETSKIY SAKHALIN that the new company registered in Bermuda was created on the insistence of the Russian side. The reason was that a new legal person was required to sign an agreement with the Russian government on the apportionment of product.

I don't know how much an office in Bermuda costs, but obviously it isn't cheap. For now, our country is being brought to ruin, not getting anything from the Sakhalin shelf, while the bureaucrats play their favorite games successfully and with impunity.

### **Survival of Oil Giants in International Markets Considered**

*954F0156A Moscow SEGODNYA in Russian  
21 Oct 94 p 2*

[Article by Vladimir Razuvayev, doctor of political sciences: "The Oil Barons' Diplomacy: Can Lukoil and YuKOS Compete With British Petroleum?"]

[FBIS Translated Text] The oil giants were born in Russia in what was not the best of times for them. Only at first glance are control over some of the richest oil fields in the world and the huge domestic market capable of making the Russian companies prosperous. Today other, largely negative factors are of far greater importance for Lukoil, YuKOS, Surgutneftegaz, and Sidanko. It is paradoxical that, while being state companies, the oil giants are experiencing the greatest pressure precisely from the state. With a single stroke of the pen, some very high-ranking bureaucrat can send one of the world's top ten oil companies reeling, and unexpected political changes scare our country's oil barons more than the drop in world oil prices. All this creates a constant feeling of instability and certain fears for the future in the executives of the oil giants.

However, vertically integrated Russian oil companies still have decent chances for survival. A well-organized,

albeit not very effective, system of political lobbying, talented administrators and control over huge reserves of oil resources give them the right to look at tomorrow with a certain optimism and even to form strategic plans for the future (in present-day Russia, one must admit, the latter circumstance is more frequently encountered among office-bound theoreticians than among thorough-going practitioners). Leaving aside the details that promise billions in profits or losses, let us define the most important elements in that future strategy. In Russia the oil barons encounter the problem of nonpayments, a tax press from the government, and specific attitudes on the part of local authorities (let us recall, as just one example, YuKOS's clash with Governor Stroyev). Moreover, right now the level of competition among Russian oil companies is so high that it is already literally forcing them beyond Russia's borders. If the oil giants survive in the political and financial meat grinder that awaits them in the next few years, they will simply be doomed to an expansionist policy.

Although the oil giants have already taken the first steps in that direction. So far the most active has been Lukoil, which is striving to acquire solid beachheads in Lithuania, Estonia, Azerbaijan, Egypt and Tunisia. Relevant negotiations are being conducted with Turkmenia, Kazakhstan and Uzbekistan. Certain plans are also being formed with respect to certain other states, such as Iraq. The comparatively "younger" YuKOS has already managed to mark out a presence in Turkey, Hungary and Peru.

As a rule, these attempts have two distinctive characteristics. The first is that they are more likely to bring profits than losses. The second is the virtually total lack of support from the state. Of course, Russian diplomats may take part in Lukoil's negotiations, as happened during its contacts with the Azerbaijani side concerning participation in working Caspian shelf oil fields. But on the whole the Russian "foreign-policy makers" have taken a fairly detached attitude toward the efforts of our country's oil barons to enter foreign markets. And Andrey Kozyrev's recent attempt to gain a lifting of international sanctions against Iraq, an attempt which was doomed from the start, only proves the general rule. The openly public-relations orientation of the Russian minister's actions shows that he ranks concern for Lukoil's interests in Iraq in second, if not third, place compared with certain other goals that are far more important personally for the Foreign Ministry chief.

That is fairly evident in the example of the scandal over Lukoil's participation in the Baku oil contract that has become such a cause celebre. The agreement signed in Baku on 20 September provides for the working of three oil fields on the Caspian shelf by Azerbaijan and eight Western companies. Lukoil received 10-percent participation out of Azerbaijan's share. It was not easy to achieve that. The company's representatives claim that the Russian Foreign Ministry took part, through its representatives, in negotiations with Baku during every

period of discussing the agreement. But Lukoil never did receive significant support from the state at the key stage of drafting the contract, when certain Western companies objected sharply to Russian oil industrialists' participation in the project. It may be that the gradual diminishing of Lukoil's appetite for a share in working the Caspian shelf fields (it ultimately had to be satisfied with just 10 percent, which is substantially less than its initial plans) has to do precisely with the state's failure to lobby for the Russian company's interests.

It is obvious that without constant state support, the Russian oil giants' potential outside of Russia's borders will prove to be fairly low. The notion of their power is in many respects ephemeral. There is no comparison between Russian oil companies and their Western competitors with respect to many extremely important parameters, such as level of technology, financial capabilities and international experience. And if one adds to that list of the Western companies' advantages, which is far from complete, powerful support from their governments, the competitors of Lukoil and YuKOS turn out to be on a summit that is unattainable for the Russian companies. It is typical, for example, that during Boris Yeltsin's September visit to the United States it was not he but the American president who raised the subject of the joint development of an Ob oil field by the Amoco and Yukos companies. Yet Yukos needs its government's support in solving this extremely promising and rather politically sensitive problem far more than Amoco needs the support of official Washington.

Lukoil needs state support no less than Yukos. It will need it, say, in the efforts that are presently under way to form a joint venture with the Azerbaijani state company. In this case Russian participation in the development of certain promising Azerbaijani fields could reach the 50-percent mark. As far as I know, Lukoil is even hoping that the Russian government will join its pressure on Baku to increase the share of Russian participation in the development of the Chirag, Azeri and Gyuneshli fields.

However, is there any justification for these hopes under circumstances in which that lack of agreement between the positions of the Foreign Ministry and Ministry of Fuel and Energy have become scandalous, in which Russian diplomacy may disavow an agreement signed on Russia's behalf by its minister Shafraznik (I have in mind the 20 October 1993 agreement with Azerbaijan), and in which any attempt to attract Western capital for the joint development of Russian oil fields draws harsh criticism from the left-nationalist opposition in parliament—criticism, moreover, that makes even open lobbyists for the fuel and energy complex in political circles shiver? Given the existing state of affairs, the answer is probably no.

The best proof of that is the Foreign Ministry's statement, regarding the aforementioned 20 September 1994 Baku oil agreement, to the effect that Russia does not recognize Azerbaijan's right to exploit oil deposits on the

Caspian shelf until a final determination has been made of the Caspian's status. The oil barons from Lukoil received a blow that they are feeling to this day. Perhaps they deserved it—Lukoil's participation in the Baku contract really does undermine Russian prospects for participation in developing the entire Caspian shelf.

There is, however, another side to the problem. No matter what objective reasons the Russian diplomats have found in their defense, the fact remains that the agreement signed on 20 September in Baku represents a defeat for Russian diplomacy. As of today the situation looks quite clear: the contract would have been signed anyway, with or without Lukoil's participation. Moreover, Geydar Aliyev showed the other leaders of post-Soviet states the way to circumvent official Moscow's veto of key strategic decisions. In this context, Lukoil's 10-percent participation in this contract looks more like an attempt to get at least something than an open challenge to the Russian government.

I hope that the case of the drafting of a treaty among the Caspian states on the legal status of the Caspian will be analyzed self-critically by Russian diplomats, who are now blaming first Kazakhstan and then Azerbaijan for thwarting the signing of a document that was already virtually prepared. The way to protect Russia's positions in the post-Soviet space today is not with protests, complaints and reproaches, but with the traditional instruments of political and economic influence. Instruments that are possessed by a state, and not by state or private companies. It would be good to add to this a foreign-policy strategy in relation to the Caspian states, and only then to hurl thunderbolts at civil servants working for the Lukoil state company, which decided to participate in the Baku agreement without the direct sanction of the Foreign Ministry and certain members of the government.

It would be unfair to blame only our native state and its high-ranking officials for the Russian oil giants' problems. In recent times the oil barons have made numerous political mistakes that have directly affected their present positions in Russian political life. The fuel and energy complex was one of the decisive forces that made the present government primarily a lobbying government by nature. The oil barons thereby made it extremely more difficult for themselves to obtain coordinated support from state departments. The faction in the State Duma that is controlled by the fuel and energy complex is amorphous and still unable to defend its interests in parliament. The way in which the fuel and energy complex has staked its political bets has complicated its prospects for dialogue with influential democratic forces, something which is unquestionably having an effect on not just the parliamentary but also the governmental level. Because of that, the oil barons will not be able to come out winners in the political battles that are coming up in the near future. At best, they should count on merely maintaining the status quo.

What that will mean for Russia's economy, the future will tell. What it will mean for Russian foreign policy is already clear.

### Tougher Stance on Caspian Oil Said Planned

954Q0050A Moscow KOMMERSANT-DAILY  
in Russian 21 Oct 94 p 3

[Unattributed article under "Russia on the Caspian Oil Shelf" rubric: "Moscow May Toughen Its Position"]

[FBIS Translated Text] According to sources in the Ministry of Foreign Affairs of Russia, a ministry concept expressing a negative attitude toward the contract recently signed by Azerbaijan for the development of the Caspian oil shelf has been given to Viktor Chernomyrdin for his review.

The document characterizes the contract in its present form as being in conflict with the interests of Russia and it is proposed that the part involving the participation of "LUKoil," whose controlling package of shares belongs to the government, be denounced. The Ministry of Foreign Affairs is proposing that the question of the status of the Caspian be presented for discussion in the United Nations. Moscow's position is this: the resources of the shelf are subject to joint development by the countries around the Caspian Sea. Until the problem of the status of the Caspian is resolved, it is proposed that economic pressure be applied against Azerbaijan. As for the intergovernmental agreement now in effect between Russia and Azerbaijan, to which Baku has heretofore referred and where it is stated that the Azeri, Chirag, and Gunedyshi deposits belong to it [Azerbaijan], the Ministry of Foreign Affairs of Russia intends to denounce it.

Last week Aliyev's press service reported that in his telephone conversation with Andrey Kozyrev, he expressed to the Russian side his "perplexity with respect to the appeal of the Ministry of Foreign Affairs of the Russian Federation to the United Nations" (on the question of the shelf) and also with respect to the "initiative of the Ministry of Foreign Affairs of Russia proposing to the government that it undertake some sanctions against Azerbaijan." It was thereby noted that "Chernomyrdin does not see any problems in connection with the oil contract." A few days ago the Azerbaijani press reported to Chernomyrdin on the concept of the Ministry of Foreign Affairs, quoting the above-mentioned positions of the document. There were no denials from Smolenskaya Square. Experts from KOMMERSANT-DAILY infer that considering the present disposition of forces in Moscow the chairman of the council of ministers may support the concept of the Ministry of Foreign Affairs.

### Ankara-Led Turkic Eurasian Union Foreseen

954Q0050B Moscow KOMMERSANT-DAILY  
in Russian 21 Oct 94 p 4

[Article by Georgiy Bovt under "Results of the Summit of Turkic Countries" rubric: "'Eurasian Union-2': If Not With Moscow, Then With Ankara"]

[FBIS Translated Text] The summit of Turkic states ended Wednesday evening in Istanbul with the adoption of a joint declaration. The summit took place under the sign of the striving for further integration. Agreement was achieved on the realization of a whole series of joint projects—for example, for the laying of a transnational oil pipeline across Turkey. The next summit is planned to be held in August 1995 in Bishkek.

The summit (on its beginning, see KOMMERSANT-DAILY, 19-20 October) was a decisive step on the way to the establishment of a new regional political and economic union. Turkic integration (under the sign of which it was held) will certainly make substantial corrections in the order of geopolitical forces. And these changes will take place in the context of the gradual withdrawal of Russia. One of the bases for political and economic integration will be oil. As is becoming clear from the results of the Istanbul meeting, the contract between Azerbaijan and an international consortium for the development of the Caspian shelf may be the start of an extensive process of activation of new players in the region—in addition to Russia (and in part in place of it)—and also the reorientation of the entire regional system of oil and gas pipelines from Russia to Turkey (possibly to Turkey and Iran).

At the concluding press conference, in touching on the question of the development of the Caspian oil shelf, as the agency TURAN reports, the presidents of Kazakhstan and Turkmenistan greatly favored a "poly-stan contract." It is obvious that the leaders of the post-Soviet states, as one could expect, view this deal above all as a successful precedent for a gradual distancing from Moscow in the resolution of the region's energy problems. All of the presidents agreed that Russia's position on the question of the Caspian shelf (and Moscow is insisting on its joint development, hoping that in this event it can exercise more influence on the making of strategic decisions) should not be seen as categorical. In other words, it should be noted (at least for the time being) but there is no reason to be in a hurry about expressing absolute loyalty. In particular, President of Kazakhstan Nursultan Nazarbayev declared that his country is also developing the sea shelf, having in mind the subsequent active involvement of Western investors. The development of the Turkmen part of the shelf is also being accelerated and this is being done on a unilateral basis: just a month ago, according to TURAN, the Azerbaijan state oil company GNKAR began exploratory work in the Turkmen sector of the Caspian at two oil and gas deposits—"I.A.M." (11 million tonnes of recoverable reserves) and "Zhdanov" (12 million tonnes). An agreement was also reached between GNKAR and the National Iranian Oil Company on the performance of joint geophysical work in the Iranian sector of the Caspian.

Of course integration is not limited to oil and gas. Nazarbayev, who has repeatedly put forward different kinds of ideas on integration in the scope of the CIS,

remains true to himself. At the same time, his proposals that were heard in Istanbul were to some degree sensational. He declared that the project that he previously put forward for a Eurasian Union must be viewed as an invitation for the unification not only of the former republics of the USSR (while preserving and strengthening their sovereignty) "but also other countries of Europe and Asia." Thus, the plan previously put forward as an alternative to the efforts of Moscow at unification (in the scope of the CIS) acquired a new shade in Istanbul—a Turkic one.

### Results of Russo-Turkish Business Council Session Assessed

954Q00394 Moscow KOMMERSANT-DAILY  
in Russian 13 Oct 94 p 4

[Article by Viktor Zamyatin: "Russo-Turkish Economic Ties: Relations Between Neighbors Could Be Better"]

[FBIS Translated Text] Based on the results of the recently concluded session of the Russo-Turkish Business Council, Myumtaz Soysal, Turkish Ministry of Foreign Affairs [MID] head, stated in a conversation with a KOMMERSANT-DAILY correspondent: "We—Turkey and Russia—have changed our history, but we cannot change our geography: you can't choose your neighbors. And there is nothing left for us to do but to be not just neighbors, but friends, as well." There are possibilities for this. But there are also problems.

The summer Russo-Turkish conflicts, caused by the introduction of new rules governing navigation through the Bosphorus, are today, as diplomats in Ankara and Istanbul say, not as urgent as they were. It is true that the problem, itself, has not disappeared; its existence has even been admitted by the head of the Turkish MID. However, in his opinion, observers—not only those in Moscow—"are laboring under the false impression that the introduction of new regulations for passage through the straits has something to do with plans for the construction of an oil pipeline from Azerbaijan and Kazakhstan to the Mediterranean Sea through Turkey." In fact, in the words of Mr. Soysal, these are two separate problems. Interest in the pipeline is purely economic, while the introduction of new rules of navigation has to do with the ecological problems of Istanbul, a city of ten million, and nautical safety.

However, Moscow and Ankara's suspicions about each other are concerned with more than navigation issues. It is no secret that both sides are jealously following events in Transcaucasia and Central Asia (as they are, in fact, in other CIS countries, as well). Mr. Soysal was quick to assure the Russians that Turkey had no intentions whatsoever to compete with Russia on that field. In fact, the opposite is true: relations with the Turkic-speaking peoples of the CIS, as well as with Ukraine, Moldova, Georgia and Armenia should only help Ankara to resolve the entire set of problems it has with Moscow. After listening attentively to Boris Yeltsin's speech at the UN,

Myumtaz Soysal agreed that the CIS was an important region for Russia. But at the same time, it is also close to Turkey. And under new circumstances where bilateral relations have lost their ideological baggage (on both sides), history—specifically the numerous Russo-Turkish wars—does not have to repeat itself. Incidentally, as one of the Russian diplomats confidentially informed Geydar Aliyev, a KOMMERSANT-DAILY correspondent making a stop in Ankara on his way home from the U.S., Suleyman Demirel, the president of Turkey, has announced nicely but insistently that Turkey will not interfere in Azerbaijan's domestic affairs.

Of course, we have far to go before full rapprochement is reached between Russia and Turkey. Possibly just because Turkey, as a member of NATO, conducts policy that is in many ways coordinated with the West. But the two countries also have much in common. For example, in their domestic economic life. Specifically, the privatization process is still far from completion in Turkey (the share of the state in the economy today is about 40%), and now and then heated disputes in parliament break out regarding it. Quite recently, Turkey suffered a serious decline in production and large-scale inflation—the situation began to equalize only after the government adopted the so-called stabilization package of April 5. A rather large budget deficit and foreign debt also remain. But all the same, says Dzhuneyt Sel, director of the government department of economic research, there is improvement, inflation is dropping. The Turks expect the deficit in foreign trade to grow next year, but export will also grow—from \$17 to \$19 billion. Evidently, this is why Turkey counts on Russia as a trade partner. Today, there is about \$2 billion in trade turnover, however, according to unofficial statistics (in the words of Nikolay Danilenko, an employee at a section of the Russian trade delegation in Istanbul)—"shuttle" operations are valued at \$5-10 billion.

However, for successful trade—something that has always boded well for political relations—there is too much interference. For example, the Turkish co-chairperson of the Turko-Russian Business Council, Ayvuz Kylych, stated to a KOMMERSANT-DAILY correspondent that Russian taxes, transport tariffs and internal instability do little to facilitate matters. It would also be good, he says, to secure guarantees from the Russian government. For example, in such projects as the construction in Turkey of two electric power plants (potential—400 and 960 MW, project costs—\$1.4 billion). In carrying out the projects there are plans to utilize Russian raw materials, equipment and technology (as well as investments), and to create a joint stock company with the participation of the Turkish firms ABB and ENTES, and the Rosugol company. In this case, Mr. Kylych feels, Russia could play the role of an exporter not only of raw materials, but of electrical energy, as well. Nor do as yet unratified agreements making it possible to avoid double tax assessment and on investment protection promote an increase in the number of deals. However, in the words of Mr. Kylych,

during his summer visit to Turkey, Oleg Soskovets promised to eliminate these problems. Indeed, although Russian companies have been advised to communicate more with the Business Council, Viktor Koptevskiy, the Russian trade representative in Ankara, doesn't think its significance should be overestimated. Because Russians frequently come to the trade delegation for help after communications have already broken down with their partners in the Business Council. Specifically, over problems with nonpayment.

#### Russian-Polish Trade Commission To Discuss Economic Cooperation

954Q00574 Moscow KOMMERSANT-DAILY in Russian 21 Oct 94 p 4

[Article by Svetlana Sukhova: "Moscow-Warsaw: Transit Between the Past and the Future"]

[FBIS Translated Text] A meeting of the Russian-Polish Commission on Trade-Economic Cooperation was held yesterday in the President Hotel. Among the questions which were discussed, the greatest interest was presented by regulation of the problem of mutual indebtedness, the realization of the project for building the "Yamal-Western Europe" gas pipeline, and the development of regional cooperation. The head of the Russian portion of the commission, Minister of Foreign Economic Relations Oleg Davydov, announced that today the commission considers its main task to be the preparations for the visit by Viktor Chernomyrdin to Poland.

[Begin boxed material]

#### Agenda of the meeting of the Russian-Polish commission:

- On the results of trade relations for 1994.
- On the realization of the project for developing the "Yamal-Western Europe" gas pipeline.
- On regulation of mutual indebtedness.
- On annual trade protocols and agreements;
- On military-technical and inter-regional cooperation.
- On preparation of a joint declaration on the development of trade-economic cooperation.
- On cooperation in the sphere of agriculture, transport, telecommunications and communications, and industrial cooperation.
- On realization of the agreement in the sphere of mutual recognition of protocols and certifications.

[End boxed material]

The volume of goods turnover between Russia and Poland in the 8 months of 1994 reached a rather impressive figure for countries with a transitional economy: \$1.5 billion (Russian export - \$0.9 billion, import - \$0.6 billion). At the same time, the inter-governmental protocol regulating

trade cooperation has still not been signed between Poland and Russia. The questions of indebtedness also remain unresolved. Difficulties in this respect have been caused not even by the problem of their mutual accounting, but by the computation of the sum of the debt itself. In the words of Davydov, the current meeting of the commission succeeded in resolving this question: "We will have almost a zero variant." Chernomyrdin is to sign the appropriate agreement in Warsaw.

Another vital sphere of cooperation is export to Poland and transit through it of Russian energy resources, primarily gas. On 25 August 1993, in the course of Boris Yeltsin's visit to Poland, an agreement on building the Polish section of the "Yamal-Western Europe" gas pipeline was signed (bypassing Ukraine). With the aid of this gas pipeline, "Gazprom" intends to transport 67 billion cubic meters of gas per year, and Poland will receive 14 billion cubic meters of this gas. The development of the technical-economic substantiation of the project has been completed. Now the questions of its financing remain, which will be finally regulated in the course of the visit by the Russian premier.

As Mr. Davydov told our KOMMERSANT-DAILY correspondent, the commission also reviewed the question of direct cooperation between enterprises. In the opinion of his Polish colleague Lev Podkanskiy, projects for joint production of 2,000 trolleys per year in Severodvinsk on the basis of one of the enterprises of the VPK [military-industrial complex] seem promising. Work is being concluded on a project for joint assembly of "KamAZ" automobiles using Polish diesel engines. The questions of organizing the assembly of "Oka" automobiles and "Vladimirets" tractors in Russia, and of supplying Polish diesel engines "Andoriya" for the new Russian "Gazel" 1.5-tonne truck are being worked out. Examples of present business cooperation, in the opinion of the ministers, may be the joint project of the RAO [Russian joint-stock company] "Gazprom" with Gurnistwo Nafutowe Gazownictwo and the Bartimpex concern.

In the sphere of transport, Poland proposes opening the route of the Baltic Channel-Pilav Bay to international navigation. Programs for modernization of the Warsaw-Minsk-Moscow main railroad line are being developed, and the development of a TEO [feasibility study] for construction of a high-speed motor highway along this same route is underway, and a project for reconstruction of the existing Warsaw-Minsk-Moscow and Kaliningrad-Elblong routes is being developed.

[Begin boxed material]

#### In the course of the visit by the premier of Russia to Poland, the following will be signed:

**Agreements:** On indebtedness; on cooperation in the sphere of telecommunications and communications; on military-technical cooperation; on cooperation between customs services.

**Declaration on trade-economic cooperation.**

### Siemens To Produce Digital Transmission Systems in Perm

954Q0054A Moscow KOMMERSANT-DAILY  
in Russian 20 Oct 94 pp 1,9

[Article by Igor Pichugin: "Prominent German Trademark Gets Russian Citizenship"]

[FBIS Translated Text] An official opening of production facilities for digital transmission systems for communications lines was held on Wednesday in Perm. The Russian-German Kamatel joint venture, which was established with the participation of the Siemens concern, the Morion Joint-Stock Company and the Perm City Administration, will manufacture products and bearing the Siemens trademark on equipment licensed by Siemens. The German company's department of general-use networks has completely transferred the production facilities for products of that type from Germany to Perm. They have been certified by the Russian Ministry of Communications and are intended both for the domestic telecommunications market and for export to third countries. In the judgment of specialists, the Kamatel production line represents the first joint production of such high-tech communications equipment in Russia.

The new Siemens production project in Russia has a rather long history. Talk about establishing the joint venture started back in 1988, and in 1991 Siemens and Morion founded Kamatel (Morion's contribution was 59.4 percent and Siemens was 31.3 percent). A little later, to make it easier for the new enterprise to live and work in Perm, the city administration joined the cofounders (9.3 percent). The three years it has taken to open the production facilities (Kamatel also installs and services Siemens communications equipment supplied to Russia) is attributable to a "shakedown" of the cofounders' interests. Morion, which also produces communications equipment, in effect created a competitor for itself. But in the process it obtained a modern, automated production line that it also counts on using to produce its own products. The need for such equipment is now being experienced to a greater degree by countries that are fundamentally modernizing their communications infrastructure. Therefore, following its own general strategy, Siemens has fully shifted the production of certain types of digital transmission systems from Germany to Russia.

Siemens' investment in Kamatel presently amounts to 6 million deutsche marks (the Germans intend to raise that amount to 8.5 million DM), and the production volume is already supposed to reach \$10 million this year. Moreover, Siemens representatives claim that Kamatel's orders portfolio is already 50 percent full. The Germans see fairly good prospects in connection with the implementation of a number of large-scale projects in Russia. The construction of a Moscow-Khabarovsk radio-relay communications line (it is being handled by Siemens and the Japanese NEC company, with loans

from Japanese banks) and the start of organizational work on the "50x50" project (KOMMERSANT has already reported on it) will contribute to expansion of the market for sales. In addition, investments in the development of the regional communications infrastructure are increasing, which is attributable, in part, to oblasts' desire to link up with the Trans-Siberian radio-relay line.

According to Siemens' representatives, the output of local production facilities accounts for 80-85 percent of the component parts used at the 47 plants of the department of general-use networks. So far, nearly all of the components for Kamatel are imported from Germany, but the Germans intend to seek local suppliers. Exports, including exports to the CIS countries, will serve to maintain the enterprise's foreign-exchange balance. Kamatel's output will bear the Siemens trademark with the designation "Made in Russia."

So far, among the joint production facilities in Russia, there is no equal of the line at Kamatel in terms of its level of technology. The scale of the Alcatel production facility in Petersburg is much more modest. On the whole, however, cases of the successful implementation of similar projects in Russia are extremely rare. One can note a production facility for city automated telephone systems in Ufa established under an Alcatel license—granted, back in the 1980s. Incidentally, the Ufa concern's representatives flew to Perm in order to hold negotiations with Siemens on the establishment of a joint production facility for intercity automated telephone systems.

### Former Sakhalin Governor Views 'Treason' on Kurils

954Q0048A Moscow PRAVDA in Russian 21 Oct 94 p 3

[Article by Professor Valentin Fedorov, vice president of the Russian Union of Industrialists and Entrepreneurs: "Japanese 'Fifth Column' in Moscow: Thoughts About Treason"]

[FBIS Translated Text] The phenomenon of treason is the subject of the close scrutiny of psychologists. Of course it is. This disgusting phenomenon has existed from time immemorial and contributes its share to the development of history. In all the different epochs, events, and personalities, the basis of treason has been the vileness of the specific human nature and its selfish interest. Alas, all of this does not belong to the past alone. The destruction of the USSR did not occur without treason. The hypocrites are now trying to justify themselves and it is necessary to look at some recent records and to carry out some investigations to put them up against the wall.

But there are also the obvious facts of our days. Professor I.A. Latyshev dedicated his new book "Kto i kak prodoyet Rossiyu" ["Who Is Selling Out Russia"] to these

facts. There it is a matter of attempts by venal Russian individuals to separate the South Kuril Islands from Russia and to transfer them to Japan.

So it happened that, being governor of Sakhalin from 1990 through 1993, I ran directly into this "fifth column," whose position is not merely pro-Japanese but 100 percent Japanese. They take all the arguments of the politicians of the Land of the Rising Sun and without any analysis put them into circulation against their own country. And they do this for one objective—to turn the South Kuril Islands over to Japan and the sooner the better.

From time to time a real danger came down over the island and persons close to the Kremlin throne entered into a conspiracy. One could not trust anyone. The hypocrites said one thing to a person's face but behind his back they served the Japanese establishment. It was precisely at that time that I met I. Latyshev. He worked in Tokyo as a correspondent of PRAVDA and was one of the few Soviet journalists there who opposed the capitulation to the Japanese in the so-called territorial question. After returning to Moscow, in 1992 I. Latyshev published (on Sakhalin) the book "Pokuseniy na Kurily" ["Attempt Against the Kurils"], which greatly provoked the Russian capitulants. A new work is continuing this theme. It concentrates and systematizes documentary material having to do with the events and maneuvering behind the scenes in connection with the South Kurils.

There is a solid opinion in the Russian people that these islands belong to Russia. This is well understood by those who would like to do a favor for the Japanese. At the beginning of the 1990's, they started a long siege of public opinion with the objective of "enlightening the politically benighted population." This campaign was supposed to make the people go along with Tokyo's demands. The destabilization and disintegration of the USSR inspired the adherents of this course. The Japanese side was also revived. Previously they were rather timid in raising the question, whereby their Soviet partners rejected the hints at the restoration of historical justice outright (and this was proper). The governor of Hokkaido told me that after hearing the Japanese treatment of the territorial question V. Vorotnikov, one of the leaders of the RSFSR at the time, definitely rejected the claims, firmly declaring that there is no territorial question here.

Time passed and our leaders softened, especially when they visited Japan. It was rare that any of the visitors was able to maintain Russian state dignity. I do not know why. It may be that their backbone was weak and it may be that money and gifts are to blame. Whatever the case may be, a conspiracy against the South Kurils arose among some of the Russian rulers. I. Latyshev named these conspirators by name in his first book. Anyone who read it will find it easier to orient himself in the new monograph. If he did not, that is not bad either—it covers the years 1991-94.

The stronghold for the realization of the abominable idea is now the Russian Ministry of Foreign Affairs headed by Minister A. Kozyrev.

One can imagine the state of political disintegration that we have reached when the department called upon to defend the country's national interests openly plays up to a foreign power to the detriment of those interests! Deputy Minister G. Kunadze especially distinguished himself in this area. When I came to Sakhalin Oblast during my time there, he hesitated to declare to everyone that the fate of the islands had already been decided, that is, they were given up to the Japanese. And as for the other two islands, he said that we will see. Possibly we would be giving them away too. This benefactor is now the ambassador to the Republic of Korea and apparently it continuing his business.

This is the essence of the matter. Kunadze was then overseeing the countries of Southeast Asia and from the heights of his post he put pressure on his subordinates. Diplomatic workers told me about this with indignation. What could the governments of the states of Southeast Asia do in this situation other than join in this touching unity? In private conversations with me, in turn, some of the leaders of these states supported the policy of maintaining the Kuril status quo and expressed perplexity with respect to the course of our Ministry of Foreign Affairs. For them to speak officially with such a point of view meant to start a dispute with Japan and Russia simultaneously. Why should they be more Catholic than the Pope?

A. Panov, Kunadze's successor in the post of deputy minister, is continuing the familiar note. One could not expect anything else, because previously he had shown himself to be this way in the department and was continuing in that direction. V. Saplin, advisor and envoy of the Russian Embassy in Japan, who, as I. Latyshev writes in his 1993 article in the Japanese language, calls the inclusion of the Kuril Islands in Russian territory an illegal annexation and is calling for the president of Russia to transfer the South Kurils to Japan immediately, may also count on an abrupt rise in his career.

Meanwhile, the named question is not so indisputable for the Japanese themselves. A certain share of them does not agree with Tokyo's official demands. The leader of the Ainu people living on the island of Hokkaido has repeatedly talked to me about this and I have drawn the unequivocal conclusion that the Ainu have differences with Japanese politicians on this point. By the way, the archives of South Sakhalin contain interesting historical evidence that employees of the Russian Ministry of Foreign Affairs ought to have remembered. Representatives of the native population of the islands paid tribute to the Russian czar and recognized his preeminence. The policy of strictest self-isolation from the outside world (the Japanese authorities did not even allow their shipwrecked fishermen who were helped by foreigners to

return home) that lasted for more than two centuries hindered the advance of the Japanese to Sakhalin and the Kurils, whereas the Cossacks and other Russian people even appropriated this region from two directions—from the west and from the north.

I certainly do not intend to go to extremes and assert that the Kurils always belonged to Russia. But it is likewise true that they did not always belong to Japan either. Although history is on our side, the main thing is not even its arguments. Wars in the territory of the disintegrated Soviet Union ought to teach everyone, including Japanese politicians, respect for the status quo. Territorial repartition will also lead to serious consequences for Japan itself. Yes, there is now a movement there for the return of the "northern territories" (extremists include all the Kurils and Sakhalin in them). But in the event of repartition, a movement for the return of southern territories will arise in Russia and it will be much broader and more dangerous for the fate of the world. So it is best not to touch the Kurils!

There are no Japanese at all there now. Why is this? Our Ministry of Foreign Affairs is silent on some important questions in this connection but it is not preventing the Japanese from spreading their own version under which it was the Russians who forced the Japanese inhabitants to leave. It is popular to cry about human rights. By the way, no one is worried about the rights of the Ainu, who were forced to go to Hokkaido and now live on unique reservations.

But let us return to the end of the war. At that time the emperor issued an edict to the effect that all Japanese subjects should return to their homeland. And there was a good reason for this. The American military command did not want the USSR to be a partner with the United States in the occupation of the defeated Japan and therefore it caused Tokyo to call the Japanese home from the Kurils, for otherwise these islands would have been viewed as Japanese territory.

The Americans killed two birds with one stone: they alone settled accounts with the Japanese for Pearl Harbor and they fulfilled their promise to give the Kurils to the Soviet Union if it would enter the war in the Pacific. The publishing house Paleya was correct when on the title page of I. Latyshev's book it put an image of the high-rise building that houses the Ministry of Foreign Affairs next to the title. In seeing the policy of Kozyrev from his ministerial office, I would like to say the following: the ministers of foreign affairs and their

comrades were eagles under the czar, vultures under Stalin, pigeons under Gorbachev, and sparrows under Yeltsin.

And what about B. Yeltsin himself? When he was fighting with Gorbachev, he made a number of statements, particularly during his visit to Tokyo in 1990, that he probably regrets today. One can find out about this in the first book by I. Latyshev.

After visiting Kunashir, B. Yeltsin declared to a rather wide audience that he was mistaken when he thought that the South Kuril Islands were "bare rocks" and that such wealth could not be given away to anyone. This statement was published in the press. Nevertheless, Yeltsin did not stop the unfavorable actions of the Ministry of Foreign Affairs of Russia with respect to the islands. The present weakening of the military presence on the Kurils is fraught with consequences for them. Thanks to their equipment and discipline, the service personnel there are providing for the vital activities of the islands and peaceful citizens. Otherwise the islands would be abandoned on account of the severe weather conditions (hurricanes, avalanches, and earthquakes). Nor should one discount the real possibility of the seizure of the islands by Japanese extremists "through peaceful means."

A major grievance should be made against our chairman of the council of ministers. V. Chernomyrdin visited the Kurils in the fall of 1993 and upon his return he publicly declared that Russia would not allow the impoverishment of the Kurils and is capable of feeding 10,000 people (it is hard to understand why he said 10,000, inasmuch as there are a total of 25,000 people on the Kurils, whereby prior to the earthquake the North Kurils were in a worse situation than the South Kurils). The chairman of the council of ministers got a lot of applause at the time. But nothing has been done in a year. Nothing. Here you have the new style. And the following fact says a lot about this: Tokyo is budgeting considerable sums for the development of the South Kurils that do not belong to Japan, whereas our governorship on Sakhalin, whose jurisdiction includes these islands, does not receive even minimal sums for this purpose and the inhabitants are leaving the islands. Abandoned by Moscow, the South Kurils were completely unprepared for the natural disaster that recently struck there.

The book by I. Latyshev pillories the political treason and will contribute to the affirmation of the correct approach to an important area of Russian-Japanese relations.

**KAZAKHSTAN****Nazarbayev Sums Up Gains in Holiday Speech**

*954K0210A Almaty KAZAKHSTANSKAYA PRAVDA  
in Russian 25 Oct 94 pp 1-2*

[KAZTAG report: "Everything of the Dreams and Aspirations of More Than One Generation of Our Forefathers Is Becoming a Reality, Becoming the Possession of All Our Citizens"—Ceremonial Public Assembly Conducted 24 October in Almaty, Ordained as Republic Day"]

[FBIS Translated Text] All states consider as their brightest and most revered day, the day they acquired independence—true, not just declared independence. The independence that enables them to feel on a par with any other country and its people—whether large or small in number. Because our Earth has no minor peoples—each is great in its own way. And the recognition of Kazakhstan as an equal among equals by many states, a recognition preordained by the people of our Republic who acquired freedom in an extremely brief historical period, comprises clear and convincing testimony to this.

Today we state that we are celebrating our most important holiday—Republic Day, our Independence Day for the third time. But for the sake of truthfulness, this is not entirely accurate.

At first the people of Kazakhstan marked 6 October 1990 as Republic Day. On this date in far away 1920 the Declaration of the Rights of Kazakhstan Workers was adopted. This was our first constitutional act, proclaiming the establishment of national statehood. It is in honor of this that the Presidium of the Supreme Council proclaimed Republic Day in its decree of 17 September 1990. And for two years this date was celebrated as Kazakhstan's universal holiday.

But a critical historical fracture in Kazakhstan's state and social development at the beginning of the 1990's forced us to look at many events and phenomena with blinders off. It became evident that we could not simply celebrate Republic Day by rote, established in honor of a declaration merely announcing the statehood of Kazakhstan. This was not a rebuke of the past, but simply a rejection of that part of it which distorted actuality.

Therefore in 1992 and 1993, Republic Day was celebrated on 16 December, the day when the true state independence of Kazakhstan was proclaimed.

But not everything went smoothly regarding celebration on this date, because it coincided with the anniversary of the beginning of the tragic events of December 1986 in Almaty. It was a bad outcome from any point of view: The 16th, a day of joy and celebration, and the very next day, 17 December, a day of commemoration and repentance.

So the Supreme Council passed a law shifting Republic Day to 25 October—on this day in 1990 the Republic proclaimed its sovereignty.

It is felt that our holiday has today acquired its permanent place—for centuries.

Dedicated to this day, Republic Day, 24 October, was our ceremonial public assembly conducted in Almaty.

The assembly was opened by Almaty City Administration head Shalbay Kulmakanov.

A march was played as the state flag of Kazakhstan, accompanied by a military honor guard, was brought into the auditorium of the Republic Palace and placed on the stage.

The magnificent melody of our republic's state anthem filled the auditorium.

President Nursultan Nazarbayev addressed the assembly regarding our country's main holiday.

He congratulated those attending and all the citizens of independent Kazakhstan, as well as fellow countrymen and friends abroad, on the occasion of our most important state holiday—Republic Day. This date is a relatively new one on the Kazakhstan calendar and is being celebrated for the first time. This is related to the fact that four years ago we adopted the Declaration on Sovereignty. And it is this that laid the foundation for our statehood, became the basis for the Fundamental Law of our land, and determined the prospects for the socioeconomic and sociopolitical development of Kazakhstan.

The president gave this assessment of the Declaration and fixed this date with a purpose in mind. This is the first document in the history of our country that provides an integral determination of the republic's status as an independent state and affixes this in strict legal format. All the attributes of sovereignty are present here: our own territory and citizenship, independence and full state authority within the country, predominance of the Constitution and laws, our own budget and system of finance and credits, our own enforcement structures, independence in international relations and, finally, the classical symbols of state sovereignty—state emblem, flag, and anthem.

Nursultan Nazarbayev emphasized that everything comprising the dreams and aspirations of more than one generation of our forefathers is becoming a reality, becoming the possession of all our citizens. The present generation of the Kazakhstan people is alive, overcoming adversity through unyielding work efforts. The president expressed his heartfelt gratitude to the entire multinational people of Kazakhstan for their endurance during these difficult times, for their support of the charted course, for their selfless work in fulfilling the plans that have been made, for their maintenance of stability and interethnic and civil accord. It is only due

to this that the Republic has been able to avoid fatal catastrophes, take positive steps toward the establishment of a market economy, create the prerequisites for surmounting crisis and raising production, establish mutually beneficial ties of partnership with the outside world, and acquire its proper name and prestige in the international arena.

I am a long way from using a date of great significance, as used to be the case in our recent past, to make some victorious proclamation, the president stated, but I am also a long way from denying what has transpired and been achieved, a long way from the political "night blindness" that prevented us from seeing "the forest from the trees," as they say. This is totally outside my convictions. And I think all the people of Kazakhstan who believe it is possible to live in a more dignified fashion and who support the course of reform share my point of view. Therefore, I cannot understand or accept the position of certain of our opponents who groan hysterically in drawing a picture of what is far distant from the true state of affairs. If you think about it, this is a danger to social progress far more real than the present economic disorder.

Is it possible some people still do not see that our country's historic turning point has already been reached?—our head of state asked. After which he provided a comprehensive reply. Kazakhstan has moved well away from the stage of questionable choices and selection of the path along which to proceed. It has embarked upon the one true path towards social development under today's circumstances, the path towards a civilized market, and has achieved perceptible results. In generalizing what has been accomplished, we can today note a number of absolutely positive aspects. First of all, we have succeeded, without incurring great political stress, in separating our own economy from that of the former Union. A fairly objective evaluation of the resource potential of our economy has been conducted. Priorities have been determined in structural, investment, and credit-financial policy. The processes of destatization and privatization are being developed.

The president noted that we began carrying out our own economic policy and reform of the country's economy in earnest about a year ago, with the introduction of our national currency. This was in no way an easy step to take. Despite the pressure exerted upon the government and the president, externally and internally, we managed to bide our time so as to accomplish the necessary preparatory work for extricating ourselves from the ruble zone and to reduce our losses to the greatest degree possible, both for the state and for every family of Kazakhstan. There have been negative consequences, of course, but they are compensated for by the establishment of our own currency, finance, and credit systems and mechanisms for their regulation. As a result, the tenge exchange rate has been fluctuating insignificantly over the past six months. A fairly stable trend towards reduced inflation has been noted. Whereas at the beginning of summer the level of inflation reached 46 percent,

in July it was 24 percent, and in August and September, 13.3 and 9.7 percent, respectively.

Measures are being taken to develop entrepreneurial activity, mid-and small-size businesses. Some 12,000 enterprises are already operating in the Republic at which over 170,000 individuals are employed. About half a million people are working at nonstate enterprises. The production assortment is becoming increasingly broad, including output never before produced in Kazakhstan. Positive changes are being seen in the agro-industrial complex. Progressive technologies are finding ever broader application here in both the private and state sectors. This is the second year, for example, that the Republic will not have to have potatoes delivered. Moreover, the opportunity has arisen to export them in significant quantities.

Kazakhstan has experienced colossal difficulties this year in supplying rural areas with agricultural equipment, spare parts, and petroleum, oil, and lubricants. However, a number of operational measures have enabled us to overcome the situation. The president himself has visited farms on many occasions and, in his words, he knows full well the price that has been paid to grow and harvest the excellent grain crop. And this in spite of the fact that the present harvest was reaped without enlisting outside assistance. The 40th virgin lands harvest has brought us 18 million tonnes of round-loaf bread. Nursultan Nazarbayev congratulated the bread producers of Kazakhstan from the bottom of his heart for this success.

Unfortunately, there are not all that many holidays today in the life of our people. The severe economic crisis is taking a toll, its manifestations lying on people's shoulders. The state is indebted to its citizens: At many enterprises, in budget-financed organizations, wages have not been paid on time; pensions, allowances, and stipends have been held back. And we now see the release of bread prices that was inevitable under present conditions.

Realizing this, we have taken specific steps for social protection of the populace, especially its needy segments, the president noted. The government has allocated funds from the republic budget for the payment of all debts and compensation to needy citizens, in connection with the increased prices. In addition, the minimum wage has been increased from 150 to 200 tenge. On the eve of the 50th victory anniversary, special concern has been shown for veterans of the Great Patriotic War.

Assistance is being rendered to such socially significant spheres as public health care and education. This year more than 10 billion tenge have been allocated to meet medical needs—one-third more than planned. Funds acquired through several foreign lines of credit have been directed towards the acquisition of medicines and medical equipment. Similar measures are also being taken in the sphere of public education. Some 250 presidential stipends have been established for the

instruction of especially talented youth abroad. Five thousand students are undergoing instruction at the best educational institutions of many countries of the world. Science and culture are receiving state support.

Nursultan Nazarbayev acknowledged, however, that a great many errors have been made in the state's conduct of socioeconomic policy, errors that have slowed down the realization of reforms and extrication of the Republic from its crisis. The rate of production decline has not slowed. There is no effective return from economic innovations introduced, structural transformations and market institutions established. The paralysis and insolvency of enterprises in the state sector have not been overcome. These and many other factors have slowed down the transfer of funds to the budget designated for implementation of our most important social programs.

This is the main reason for the decision, unprecedented in our republic's history—full resignation of the Cabinet of Ministers. The previous composition of the Cabinet accomplished great and difficult tasks during the first years following independence. Unfortunately, in the president's assessment, it did not become a team of likeminded thinkers, was not able to fully realize its potential, could not concentrate efforts to resolve the strategic tasks of economic development. A new government has now been formed which, for the first time in the history of our young state, has taken an oath to the people and to the president, swearing its dedication to serving the Motherland, swearing to devote all its efforts, knowledge, and experience to the economic and spiritual development of the Republic.

We need a new, integral economic policy, the chief of state declared. In this regard, several top-priority tasks have been assigned the Cabinet of Ministers. Among these is the development of national priorities for economic reform and the mechanisms for implementing it by the state, private business, the banks, and foreign investors. Another task is the determination of a clearly defined policy in the monetary credit and financial spheres, and the accomplishment of rigid tax reform. Finally, the time has come to begin a real fight against corruption. Also deemed important is the implementation of basic foreign policy principles in foreign economic activity.

Our priorities in foreign policy have many times been delineated, the president stated. Nonetheless, he again emphasized certain points in his speech that have not always been clearly understood.

The year presently ending has been marked by a whole number of foreign policy events extremely beneficial to Kazakhstan, as well as to its partners. Kazakhstan resolved the initial problems associated with entering the international arena when we tackled two main areas—the establishment of diplomatic relations and the consolidation of state security. Now we have reached a new level where it is most important to effect

the broad-scale development of democratic and constructive partnership, effective cooperation with all countries, and the consolidation of our prestige and authority on the global and regional levels. Official visits to the United States, Turkey, Great Britain, Spain, Italy, Japan, and Saudi Arabia, and the arrival in Kazakhstan of a number of heads of state have yielded quite tangible results. The same significance is seen in contacts with foreign countries on the governmental level. Perhaps there are some who do not yet realize their full essence and meaning with regard to consolidating the statehood of the Republic and advancing reforms. There is no doubt, however, but that such contacts today exert a positive influence on the sociopolitical, economic, and spiritual spheres of the life of our people, and will continue to do so.

The head of state stopped to consider several of these. The "Charter for Democratic Partnership" was signed this year in the United States by our countries. A basis of cooperation was established in the spheres of science and technology, education, security, and defense conversion. Agreement was reached on favored-nation relations in economic cooperation, trade, and the banking and finance system. Restrictions on the import of Kazakh products into the United States were lifted. A representative delegation of American businessmen, to whom the U.S. Government is guaranteeing allocation of funds to implement specific projects in Kazakhstan, recently visited Almaty. Additionally, a \$100 million fund is being organized in the United States to support entrepreneurial activity in our Republic.

A historic agreement was reached with our great neighbor—China—that legally stipulates the parameters of the Kazakhstan-China border. This is a problem the former country tried many years unsuccessfully to resolve. A Kazakh-Chinese declaration stipulates provisions on the nonuse of nuclear weapons against our country. This has been assessed throughout the world as a powerful breakthrough in the foreign policy arena, the consolidation of our security. In essence, Nursultan Nazarbayev noted, every trip abroad is a purely working trip. Intensive dialogue took place in Japan, for example, and achieved results with respect to major investment projects and interaction in the international sphere. Today the Japanese are starting to develop the Ekibastuz Electric Power Stations and are working on construction of the intra-Kazakhstan oil pipeline. Following the president's trip to France, the National Higher Institute for State Management was established in Kazakhstan. During a recent visit he made to Turkey, a solid decision was made at a meeting of heads of the Turkic-speaking states to cooperate on a mutually advantageous basis in the exploitation of oil and gas resources in these countries. We have jointly begun the active search for solutions to transportation and communications problems on the Asian continent. In short, the benefit derived from each visit to a foreign country is always real, and always directed towards the welfare of the people of Kazakhstan.

The Kazakhstan economy has attracted investments over these years of more than a billion dollars. About half a billion of this amount has already been put to use. Some 19 lines of credit have been opened, and we are using the funds obtained through these to purchase medicines, deliveries of which were terminated following the collapse of the Union. More than 1,500 joint enterprises are operating in the Republic. Major contracts have been concluded with many of the largest foreign firms, including contracts for development of the Tengiz, Karashaganak, and Aktyubinsk oil and gas fields. Cooperation is developing intensively in the sphere of communications and liaison. The major company ITT will cover the entire Republic in a network of cellular telephone communications. Partnerships are growing in the agro-industrial complex as well. A great many agricultural processing enterprises are being established here. Just as a result of the president's most recent visit to Turkey, we have seen final resolution to the problem of constructing a paper mill and fiber and textile plant in Taldykorgan, a tannery in Pavlodar, and a macaroni plant in Petropavlovsk. Funds have been allocated for the development of low-production oil wells.

We have always relied on the development of good-neighborly relations in our cooperative dealings with the friendly states of the near abroad that are so historically and spiritually close to us, and we will continue to do so, Nursultan Nazarbayev stated. We have concluded a treaty with Uzbekistan and Kyrgyzstan responsive to the interests of our peoples that establishes the Central Asian Economic Space, devoid of borders, customs or other barriers. The Interstate Council Executive Committee and Bank for Cooperation and Development of our countries is presently in operation. Long-term agreements have been reached at meetings of the heads of the CIS states on formation of the Interstate Economic Union and Payment Transactions Union, and literally just days ago a memorandum of the Council of Heads of State was adopted concerning main orientations of the Commonwealth's integrational development and an appropriate plan of action.

Kazakhstan has played an active role in the preparation of all these documents. Integrational efforts constitute the general line of our foreign political and economic activity. When one grasps the letter and spirit of decisions made in Moscow, it is evident that they all comprise an implementation of the ideas formulated in the draft plan for the Eurasian Union. The president emphasized that this is far from some abstract proposal generated in Almaty, as some would believe. It proceeds from the depths of people's hearts, from the need to establish a genuinely effective union of sovereign states capable of resolving the tasks of enhancing the level of economic and cultural communication, of contacts between people.

Nursultan Nazarbayev made special note of the fact that the very principles of association absolutely preclude the

possibility of reviving the former state, whose political and economic foundation was a totalitarian regime and planned economic system. No matter what the reaction of certain political figures to the concept of creation of the Eurasian Union, Kazakhstan will continue to intensify its integrational efforts, for noble aims lie at the basis of these. The president expressed the hope that the multiethnic people of Kazakhstan would support them, insofar as we must not pass up the historical opportunity for integration, conflict avoidance, and the consolidation of good-neighborly relations with fraternal peoples.

The president then focused attention on certain acute sociopolitical problems.

It is well known that freedom and our own statehood have ever been a cherished dream of the Kazakh people. We have not been suited to the role of bystander on the stage of history. We have wanted to play our own role—the same kind of significant and responsible role being played out by other peoples of the world.

In this regard, Nursultan Nazarbayev cited several examples from Kazakhstan's history.

Remember Ordabasy, he said. Three of our great fellow tribesmen—Tole Bi, Kazybek Bi, and Ayteks Bi—who were able to rally people to repulse the Jungar aggression. Historical community and the idea of national independence of all Kazakhs comprised a platform for unification. In essence this was a serious demand for establishment of the institution of our own statehood. For the first time Kazakhs stood before an astounded world as a united nation prepared to accomplish important historical missions. Perhaps it was then that we conceived of ourselves for the first time as a united people.

It has been true since olden days that vast territories comprised the habitat of our forefathers, territories propped up in the north and south by two great powers. To preserve the nation, its leaders were forced to carry out a flexible, well-considered policy, and to seek support from powerful neighbors. A clear example of the wisdom and farsightedness of such diplomacy is seen in the actions of Abdulkhair Khan and Abylay Khan, preoccupied with the destiny and historic future of their motherland. It is they who bequeathed to us the testament on a need for close alliance between the Kazakh steppe and its northern neighbor. We will be candid about it, the president stated. It is this policy that helped us confront many global sociopolitical cataclysms, put more simply—to survive, to preserve our ethnic ties, the native language, customs, and traditions of our ancestors.

As the writer Abdizhamil Nurpeisov once observed, the distinctive Kazakh feature is trustfulness, openness, being accustomed to believing another's word. However, these remarkable human qualities often turned out disastrous for us, Nursultan Nazarbayev stated. Thus it was in 1917, when a revolution was foisted upon Kazakhs with

slogans of freedom, brotherhood, and universal happiness, and they accepted it without reservation. Could anyone presume at that time that the revolution would just about bury our great dream?

It is true that in 1936, becoming a Union republic within the USSR, Kazakhstan acquired all the attributes of state independence. But the freedom here granted turned out to be a bluff—state attributes being required by the powers-that-be to camouflage the true face of totalitarianism. In essence, the Republic was turned into one of the islands of Stalin's and Beria's GULAG. Together with other peoples of the Soviet Union, the Kazakhs found themselves prisoners in a multiethnic concentration camp carved out from their own land.

In talking about this, the president reminded those in attendance once again of how difficult has been the path our people have taken to attain state independence.

Today Kazakhstan is, in his words—a truly sovereign state. We have everything: a Constitution, diversified structure of legislative, executive, and judicial authorities, our state language, national currency, our own armed forces, and much more of what every independent country must have. We can state with pride that the historical goal towards which the Kazakh people have traveled over many, many years—has finally been reached. Nursultan Nazarbayev expressed the confidence that we must continue to move forward along this path. We must discard any nostalgia for the past and surmount our difficulties, consolidate our statehood and sovereignty, work persistently towards turning Kazakhstan into an economically developed democratic country.

The president considers it a great fortune and our great achievement that sovereignty came to Kazakhstan through peaceful means, without violence or bloodshed. After all, the majority of countries on our planet attained independence over the course of grueling wars, losing the blossoming of nationhood, sustaining tremendous material losses, and inevitably lagging behind in their historical development. Can it be we have no right to be proud of our acquired sovereignty, which in fact ensures civil tranquility and interethnic accord in the Republic? Can we possibly reconcile ourselves to the attempts of certain circles to disrupt this tranquility?

Yes, the national distinctiveness of the Kazakh people, its spiritual values, must be preserved and augmented. We have struggled and will continue to struggle with those whose imperial manner disposes them to look down on Kazakhs, Nursultan Nazarbayev stated. But Kazakhs themselves, in his opinion, must not view other peoples with arrogance and disdain. It is appropriate for all of us to recall that Kazakhstan has been recognized as a sovereign state by virtually the entire world community, has been accepted as a member of the United Nations, and is building cooperation with the World Bank for Reconstruction and Development, UNESCO, UNEP, CSCE, IMF, and many other international and

interregional organizations. We are building a democratic society, and the main principle of democracy—recognized throughout the world without reservation—is the priority of civil rights and common human values. Therefore, the thesis "Kazakhstan—the Motherland of All Kazakh People"—will continue as before to dominate our domestic policy. And I, stated the head of state, as the legally elected president, will resolutely suppress, within the limits of my constitutional authority, any action aimed at destabilizing society through encroachment upon someone else's civil rights.

The president then focused attention on another extreme in the political spectrum of our Republic—nostalgia for the so-called values of socialism. It is paradoxical but true that quite a large number of our fellow countrymen are inclined to view the recent past through rose-colored glasses. Seeming to believe that life was less expensive, and the people's spirituality—greater.

The head of state did not attempt to hide the fact that we are enduring tough times. Economic crisis, accompanied by production decline and inflation, is leading to the social stratification of society and hitting the people's pockets hard. To deny this would be to close one's eyes to what is readily apparent. But who ever said we would acquire freedom, prosperity, and well-being—for nothing? One must pay for everything in life, and today's crisis is the inevitable payment for replacing our bankrupt model of economic development.

A great deal of speculation is heard about people living below the poverty level, Nursultan Nazarbayev asserted. But who of us ever heard this term during the era of developed socialism? Perhaps this concept has come into widespread use in the West. In the extremely wealthy United States they do not hide the numbers of homeless, unemployed, drug addicts. But we concealed these phenomena. This in no way means that poor people did not exist in society, that all our citizens were prosperous. Hundreds of thousands of people received scanty wages, 40- and 50-ruble pensions, lacked a roof over their heads, wandered the streets, survived on donations. But no one was permitted to discuss the ulcer of socialism.

In responding to the question as to what kind of society we are building—people's capitalism or, let us say, Swedish socialism—I usually shrug my shoulders, the president stated. We should probably shift away from casuist terminology. One thing is clear. Under the fervor of "revolutionary enthusiasm" nothing worthwhile will be achieved. Especially since the viable economic model we would like to acquire must grow and develop naturally, of its own accord, just like a living organism.

In the meantime, advocates of the barracks system are failing to notice a comforting trend. Inflation is falling, the tenge exchange rate is stabilizing gradually, the shortage of goods is diminishing, the black market is disappearing, etc. Most importantly, for the first time in our entire history, the timid and excruciating process of self-regulation has begun in Kazakhstan's economic

mechanism. This is the one and only productive path towards revival of the seriously ill economy, unless of course we ourselves strangle it by returning to a planned economic system.

Now I would like to address another topic—the loss of spirituality, reference points, and lofty ideals. The same kind of discussion was heard during the era of Peter's reforms, which dealt a crushing blow to the measured life patterns of patriarchal Russia. In this regard, the president expressed bewilderment: What ideals are the proponents of a return to the past mourning? Is it possible some of them seriously believed the fairy tales of Kremlin elders and slogans such as "We will achieve the victory of Communism?" If they have in mind the eternal "Thou shalt not kill" and "Thou shalt not steal," this is the dogma of Islam and Christianity and has nothing to do with the moral precepts of the builders of Communism.

Collectivization, mass hunger, the resettlement of Kazakhs outside their historic motherland—all this comprises the recent past. Saken Seyfullin, Beimbet Maylin, Sultanbek Kozhanov, and 65,000 others of the finest sons and daughters of the Kazakh people were annihilated in Kazakhstan during the years of Stalinist repressions. And this system even disposed of its own faithful servants—with the hands of other such servants. The president used the example of just one individual to show how the system used purposeful refinement to persecute those declared its enemy. Recently the son of prominent Kazakh writer and public figure Zhusupbek Aymautov, subject to repression and executed in 1930, appeared. The life of this man unfolded tragically, his only guilt being the fact that he was his father's son and he did not deny this. Even in the 1950's he was persecuted by punitive organs and put in prison. He lost not only his motherland, but his own name as well. Today this now elderly man lives in Altay Kray, having changed from Bektur to Viktor.

But for some reason we have stopped talking about this, the president noted. And we have stopped talking about Semipalatinsk, its lands ripped apart by nuclear explosions, the destroyed Aral, and the ecologically filthy production facilities dispersed throughout the territory of Kazakhstan. We are also silent in our world outlook regarding social dependents, which cannot seem to be eradicated.

Glory to the Most High, said Nursultan Nazarbayev emotionally, for the fact that a return to that socialism we all had the misfortune to live under is today impossible. It is said that Marx had something entirely different in mind. But no one has ever lived in this "something different," and so we do not know what he had in mind. Without economic freedom there cannot be political freedom. And our people have paid too high a price for their independence to allow themselves to once again be harnessed in the yoke of a totalitarian regime.

In addition, the president noted, were we to return to the command administrative economic system, we would

again be plunged into the unreal existence in which the life of our country developed according to farfetched, unnatural laws. After all, that is why the Soviet Union was unable to integrate itself into the world economic space, lagged behind world progressive standards, and lost the competition between systems, building its economy on mirror-like principles of socialist political economics.

Kazakhstan's uniqueness, the head of state is convinced, lies in the polyethnic composition of its population. Multiethnicity is our treasure, not an evil or a curse, as others—the few, fortunately, "defenders" of the Kazakh people—believe. During times of severe ordeal, hundreds of thousands of people of the most diverse nationalities often found themselves in our Republic against their will. Local residents afforded them food and shelter, warmed them with hospitality, and from that time onward these people became Kazakhstan people just like each of us. They built cities, smelted metal, harvested grain, raised and educated their children, and made a significant contribution to the republic's economic and spiritual development.

Who could think that after decades, many of these people, their children and grandchildren, would be forced to leave their long-occupied locations in search of a better life outside Kazakhstan? And it is not only non-Kazakh-speakers, as they are called by thoughtless political activists, who are leaving, the president emphasized. It is not only nonbelievers, as the sanctimonious hypocrites say, who are leaving. It is our brothers who are leaving—trained workers and specialists, the people we have lived and worked with, with whom we have shared our joys and sorrows.

Why are people abandoning Kazakhstan? Responsible officials of our law enforcement organs attest that not a single application has mentioned that departure was motivated by encroachment of civil rights. People are leaving, Nursultan Nazarbayev noted, chiefly due to mental discomfort, anxiety over the fate of their children. The parties primarily guilty of this, in his opinion, are the ranting and raving leaders of nationalistic movements and organizations, who bring disharmony into our lives while earning political capital through uninvited concern over the well-being and prosperity of the republic's indigenous population.

Only a person deprived of reason would be unable to comprehend that departure of the Russian-speaking populace from Kazakhstan would be tantamount to complete paralysis of the republic economy and the eradication of its diverse culture. And you must believe, the president stated, that if Russians, Ukrainians, Germans, and the representatives of other fraternal peoples depart from our land, an intra-ethnic settling of accounts will right away begin. And whom does this benefit? After all, self-isolation would constitute the slow suicide of the Kazakh people.

In the assessment of Russian experts, the adjustment of borders with newly sovereign states that would be inevitable following mass population migration would cost \$300 billion. While the resettlement of 25 million Russians living outside Russia's borders would cost the treasury the fantastic amount of \$4 trillion. It turns out that Russia, too, would not like to see a mass movement of CIS inhabitants.

But material expenses are not really the most important thing, Nursultan Nazarbayev emphasized. Mass resettlements of people could start the process of recarving borders within the former empire, could provoke ethnic clashes and result in wars of great bloodshed between Slavs and Turkic Muslims. Vast territories, becoming deserted, could turn into anyone's acquisition. Could this possibly be in line with the aspirations of Russia, a state that has always been a gatherer of peoples?

Of course, we can entertain ourselves with the thought that migration is a sign of the 20th Century. Citizens of the Baltic states are moving to Scandinavia, citizens of Turkey—to Germany, citizens of Algeria—to France, citizens of India—to countries of the Persian Gulf. But that cannot be of any comfort to us—for Kazakhstan is being abandoned by our brothers and sisters.

It is the duty of our country's leadership, of the Supreme Council, of all our structures of authority, of each one of us, stated the head of state—to do everything possible in the way of removing all issues that cause people discomfort and anxiety, instilling in them confidence in what tomorrow will bring. It is this, and nothing else, that will help the Kazakh people themselves resolve all their future problems.

Additionally, as Nursultan Nazarbayev noted, our motherland has historically often greeted resettled people not like a mother, but like an evil stepmother. He cited one characteristic example. Since the beginning of the year Almaty Oblast has received more than 4,000 reimmigrants and Mangistau Oblast, about 2,500. The number of people returning to Kokshetau, Yuzhno-Kazakhstan, Pavlodar, Akmolinsk, and other oblasts is growing. They were promised housing and employment in Russia, but all the promises were impossible to keep since Russia is undergoing difficult processes during the course of reform. After wandering a while in the corridors of Russian organs of authority, people pack their suitcases once again and return home.

Appealing to his countrymen, the president called upon them to recall the nonpretentious hospitality of their fathers and grandfathers, to listen to their hearts and do everything in their power to make Kazakhstan a home with fireplace burning, a warm refuge for everyone in need of food and lodging.

Concisely formulating the problems of the sociopolitical life of our Republic, the president quoted the words of Russian poet Konstantin Balmont, one who did not welcome October of 1917, stating that the world existed

not by revolution, but by evolution. Structure, order, discipline within and without—this is what we need. And we also need a consciousness of the fact that the single concept we must use all our power to protect is the concept of the Motherland, which is above all personalities and classes, above all individual tasks to be accomplished.

In conclusion, Nursultan Nazarbayev once again congratulated all the people of Kazakhstan on the occasion of this holiday, wished them happiness and success, health and prosperity.

Following the address of the head of state, his edicts were published conferring the highest order of merit—the title of Khalyl Kakharmany—to the minister of defense, General of the Army Sagadat Nurmagambetov, to Akhat Kulenov, president of the joint-stock company Ust-Kamenogorsk Lead and Zinc Combine, and to Aleksandr Khristenko, general director of the Sovkhoz Institute of Telmanskiy Rayon, Karaganda Oblast.

Also read out was the decree awarding the 1994 Presidential Prize for Peace and Spiritual Accord to authors Moris Simashko and Nasyr Fazylov (Republic of Uzbekistan).

The president presented gold stars to the first people's heroes of sovereign Kazakhstan and conferred the awards to the new prize recipients, congratulating them warmly and wishing them new and greater success in their efforts, in their humane and noble activity aimed at providing people a tranquil life and prosperity.

On behalf of the award recipients, Sagadat Nurmagambetov and Nasyr Fazylov expressed sincere thoughts of gratitude and appreciation to the president for the great honor bestowed upon them.

At that time the ceremonial assembly was interrupted by an invitation—unexpected by assembly participants—to hold conversation with the international space crew. The voices of Talgat Musabayev and his comrades floated into the auditorium from the far reaches of space, congratulating the people of Kazakhstan on the occasion of Republic Day. Nursultan Nazarbayev warmly greeted Talgat Musabayev, Aleksandr Viktorenko, Yelena Kondakova, and a representative of the European Space Agency—FRG citizen Ulf Merbold, wishing them success in their work on board the Mir orbital space station and a successful return to Earth.

The ceremonial assembly was declared closed.

After a short break, masters of the arts presented a grand concert program for those in attendance. Agency correspondents report that on 25 October, the day of festivity, people in Almaty and across the Republic will be going on walks, listening to concerts, and engaging in competition and sports events. Farmers and livestock producers, industrial enterprises, and skilled craftsmen will be offering their goods in bazaars. Pyrotechnics experts

are prepared to fill the evening sky of the capital with a bright fireworks display in honor of our independence holiday.

Reports have been received through diplomatic channels that on the eve of Republic Day, ceremonial assemblies and receptions took place in the foreign representations of Kazakhstan.

#### Nazarbayev Devises Formula for Sovereignty

954K01864 Almaty PANORAMA in Russian No 41,  
22 Oct 94 p 7

[Commentary by Kazakhstan President Nursultan Nazarbayev, recorded by Irina Bektiyarova: "Nursultan Nazarbayev: By Surrendering Part of Our Sovereignty, We Gain Without Losing Anything; The President of Kazakhstan Worked Out a Sovereignty Formula"]

[FBIS Translated Text] In the beginning, the new independent states tried to isolate themselves within the confines of narrow national boundaries. To gain sovereignty in its pure form, so to speak, independence within an enclosed space.

But the trend of the 21st Century is integration for the sake of survival and development. The entire world is moving toward regional integration by continents and subcontinents. There are a great many examples: Western Europe; North American and Latin American countries; the Arab world; the Islamic world. There are many regional conferences, councils, and associations which, on the basis of similarities in the economies, traditions, or culture, attempt to help one another to develop and avoid potential conflicts.

Therefore, I explain to the adherents of pure independence that having surrendered part of our sovereignty we gain without losing anything. The formula for this may be as follows—I have worked it out. If we express sovereignty with a Latin letter S, it may consist of national sovereignty (Sn) and common sovereignty (So). In the former case, if Sn=100 percent, then unquestionably So=0 percent. A state will have its own national sovereignty.

In a different case, for instance, if Sn=80 percent, then, by surrendering 20 percent of So to an association such as the CIS, EAS [Euro-Asian Union], or the EU, summarily one can gain another 100 percent of common sovereignty. Having surrendered 20 percent, we will have 180 percent due to the fact that integration increases and all states act together in the world space. They gain without losing anything.

Sovereignty is not a goal unto itself. States strive for sovereignty and independence in order to improve people's life, bring happiness and prosperity to the people. If surrendering part of sovereignty benefits the people in this sense, why not do it?

#### Nazarbayev Maneuver Analyzed

954K0174A Almaty EKSPRESS-K in Russian  
21 Oct 94 p 4

[Article by Seydakmet Kuttykadam, editor in chief of the magazine ARAY-ZARYA, under the rubric: "Power": "The President's Fall Maneuvers"]

[FBIS Translated Text] Almaty—After a week of voluntary hibernation, Nursultan Nazarbayev decided to change everything in the government...essentially leaving everything in place, putting in figures who appear in no way fresher than the old ones (with the exception of Kasymzhomart Tokayev, minister of foreign affairs, who is about the only star on the gloomy horizon).

The factors that motivated the president to loudly and conspicuously hand over the Tereshchenko government are clear: the heated autumn social atmosphere, the eager opposition waiting for their time to come, the growing ranks of presidential hopefuls, the sharp decline in popularity of the chief himself among the people, the approaching cold and hungry winter, the government's complete powerlessness and its desire to find a scapegoat on which it could heap all its sins.

Many people hoped, and political opponents feared, that this time Nursultan Nazarbayev would decide on a radical renewal of his team and a radical change in his course in order to make the economy healthier and improve the impoverished condition of the people—through the introduction into the government of energetic, resolute, and educated reformers, even from among his harshest critics. But he limited himself to merely cosmetic operations.

At his first news conference in his new capacity Akezhan Kazhegeldin openly stated that he would adhere to the old course and that he was prepared to take resolute unpopular measures. Both of these key points of his program, unfortunately, are incorrect.

There is no need to explain to anyone where the "only true" old course led us, and further movement in that direction, especially if it is accelerated, can only bring disaster closer.

As for twisting the screws harder—this can be dangerous too. In the first place, somehow we are still breathing after the first session of "shock therapy," which, one must assume, the government considers to be extremely "mild"; second, many serious economists and politicians, including some from the West, have rejected both the idea and the practice of such barbaric "therapy"; third, even if it is permissible as an experiment, it is only in countries where the standard of living is relatively high and where significant blood-letting will not lead to a lethal outcome; fourth, one can blindly decide on such a thing only at the beginning of the reforms, when nobody knows yet what it will lead to; fifth, we simply do not have the slightest enthusiasm for further turning of

the screws, and even a small amount of pressure could strip the threads and send our vehicle rushing downward full speed ahead.

As we know, the old government was not altogether in tune with the observance of "moral-ethical norms" (the wording of the president's edict) and the new prime minister thinks that a public solemn oath will remove this problem. Blessed are the believers!

Very symptomatic is his statement that since the government pays money for maintaining television—it should call the tune as well. We have never heard anything of the kind about the other mass media from bureaucrats of a lower rank. Alas, this premise is false as well: The mass media are financed by the government but the money does not belong to the government but to the people. Therefore the mass media must present not only the government viewpoint from above but also the way the people see things from below through various parties and movements.

Here it is appropriate to remind our esteemed Cabinet of Ministers, and the president's apparatus, and the parliament along with them, that they themselves are being supported by the people, and it is time for them to remember this.

Yet in his speech the prime minister cast out the reproach that certain people could only criticize but did not give concrete advice. How can one respond to that?

Many of our commentators, including myself, have repeatedly presented reasonable ideas. Alas, they have either been completely ignored or used in such a way that their own mother (that is, the author) would not recognize them.

Additionally, the powers that be and their wise advisers have before them the wealth of world experience, particularly in reforming the economies of countries of the (former) Third World and Eastern Europe. And there is no need to bandy any special sophistries; it is necessary to skillfully use this valuable asset, not mechanically, of course, but creatively.

Therefore our whole problem is not a shortage of ideas—the air is charged with them—but a shortage of people invested with power who are capable of perceiving them, assimilating them, and applying them in practice. Here are just a few of them: At this point we must immediately introduce an economic, tax, and customs policy which will stimulate industrial production, foreign tourism, and a broad influx of investments from international organizations and other countries into these spheres; if we cannot do without primitive purchase-sale trade operations now, let the state take them over, for this will at least produce another advantage—the country will not be flooded with alcohol, tobacco, and sneakers but socially necessary goods; reduce their overhead costs and wholesale prices and, consequently, retail prices—for the consumer; increase monetary revenues into the treasury;

the ardor of our businessmen should be refocused from "trading in air" to the sphere of industrial creation.

And so what are the prospects of the "new" government anyway? The majority of analysts are inclined to consider it a kamikaze government which will last for no more than a half year. I think there is every reason for such pessimism. A ship pursuing a false course cannot reach its desired goal, especially when it is carrying so much ballast.

Still every cloud has a silver lining: An important precedent has been set in our country (true, because of strong pressure on the president)—resignation of the entire Cabinet—and Kazhegeldin assures us that his team does not intend to chain themselves to their chairs, that is, next time it will be possible to have a timely, truly voluntary, and civilized resignation.

A certain amount of optimism is inspired by the rapid rejection of the plan (of whose existence journalists have learned) to drive television under the roof of the Ministry of Information and the Press. It is another matter that they cannot find a skillful manager for the television and radio company—there have been three people in this post over the past two years, and things are getting worse and worse.

In general behind this whole scene of changing of the masks of the old Cabinet one senses a clever hand known to us by the signature on the "self-disbandment" of the parliament last year. At that time the "separatists" assured him that in the new parliament no less than 80 percent of the deputies would be from the SNEK [Union of People's Unity of Kazakhstan], which is considered to be the president's party, and thus the parliament would act as a rubber stamp. But what came of this? The SNEK gathered less than 30 percent and the parliament turned out to be recalcitrant.

And now the advisers are probably rubbing their hands with satisfaction: See how nicely we pulled it off. But will it not be worse than it was last time?

Nursultan Nazarbayev will have to start singing his "old song" of purging the government of weak people and replacing them with worthy ministers, irrespective of which camp they belong to, that is, we need a government of people's confidence based on a broad coalition with the enlistment of the best minds and talents.

#### **Opposition Faults Parliament, Nazarbayev**

954K01934 Almaty PANORAMA in Russian No 41,  
22 Oct 94 p 10

[N.D. report: "Serikbolsyn Abdildin: 'Instead of a New Government, We Need To Form Another—Coalition': The Opposition Has a Right To Expect Key Positions In It"]

[FBIS Translated Text] A news conference of representatives of the "Republic" social and political movements, which evaluated the current situation in Kazakhstan, was held on 14 October. The news conference

coincided with the swearing in of the new government, and the government crisis was the main topic in the course of the discussion. As Serikbolsyn Abdildin, chairman of the Coordination Council, announced, as a result of the two days of discussion 18 social movements had signed a statement which formulated the main demands on the Supreme Council and the president and also the attitude toward the economic policy that is being pursued. The current situation was described by Mr. Abdildin as the total failure of the reforms, for which personal responsibility is borne not only by the reformers from the government but also the president. As for the social safety net, there simply is none, what there is is the plunder of the people, the devaluation of their savings, the excess of mortality over the birthrate, and a narrowing of the sphere of civil rights and liberties. The opposition intends to demand the formation of a parliamentary commission to investigate the causes of the failure of the economic reform and changes in the constitution that will enable parliament to assume a large share of responsibility for what is happening. The demands include the immediate formation of a coalition government and presidential and parliamentary elections in the very near future.

Speaking of the desired coalition government, the ex-speaker said: "A coalition is at least to some extent a guarantee against corruption and the domination of the mafia, for ministers would represent various social forces. In addition, a coalition government is a kind of filter that makes it possible to sift decisions more carefully." In the opinion of Serikbolsyn Abdildin, the opposition not only has the right to expect key positions in the government but also to propose candidates for the office of prime minister. Speaking about the activity of President Nazarbayev, Mr. Abdildin observed that in the decade, virtually, of his leadership of the country there had been no positive changes. Mr. Nazarbayev, according to the ex-speaker, has acquired merely the unique ability for dumping his mistakes on others: last year on the former parliament, this year, on the government.

The new cabinet, in the opinion of the organizers of the news conference, can hardly make any cardinal changes inasmuch as many of its members were part of the former government and led the country's economy to the "deplorable intermediate finish line." The participants in the news conference were united also in their evaluation of the privatization that is being conducted in the republic, which is resolving the problems neither of the state nor the enterprise employees and is failing to prevent the breakdown of national industry. The chairman of the Coordination Council proposes as an alternative to the present policy the concentration of the government's efforts on 10-15 key issues, which include regulation of the prices of energy resources, transport, and accommodations and regulation of the labor market and the lending rate. A principal task of the "Republic" Coordination Council is objective notification of the

public of what is happening and an appeal not only to the Supreme Council but to the people also.

A dissenting opinion was presented at the news conference by Leonid Solomin, leader of the independent trade unions. While agreeing, in the main, with the evaluations made in the sphere of the economy, he termed absolutely unacceptable for his organization the political demands that had been made. The Supreme Council should avail itself, in Mr. Solomin's opinion, of the relative lull in relations with the government and the good contacts that are being established and assume the fullness of legislative initiative. This is necessary so that parliament finally adopt a number of laws determining the formation of a civil society in Kazakhstan. The members of parliament today, in his opinion, represent merely themselves, and the parliamentary factions are of a formal nature, which is imparting a contradictory and inconsistent character to the decisions of the Supreme Council.

#### Opposition Views Government Resignations

954F01304 Moscow NEZAVISIMAYA GAZETA  
in Russian 18 Oct 94 p 3

[Report by Sergey Kozlov: "'Any Government That Continues the Current Course Is Doomed': The Opposition Is Ready for Dialogue With the New Cabinet"]

[FBIS Translated Text] The sharp polemics that unfolded in connection with the fall of the Tereshchenko cabinet long transcended the boundaries of the fact itself. What was is: an acute government crisis or a working rotation of ministers? This question became a subject of lively discussion in parliament committees. Some spice to the discussion was added by the latest sharp statements against the Supreme Council coming from Sergey Tereshchenko as he departs the political scene. In particular, his statement regarding the decisive role of parliament members in criticizing his cabinet, which eventually led to his resignation.

"The parliament certainly does not carry a heavy enough weight in Kazakhstan to be a decisive factor of influence in the resignation of the government," says Vitaliy Rose, one of the leaders of parliamentary opposition. "What took place is a formal reshuffling of the 'president's men,' no more than that. This is first and foremost an internal score-settling in the executive branch's ranks. Look at the statement of Tereshchenko and the new prime minister. They speak in unison of the unchanging 'course of reforms,' so this tactical maneuver—the fall of the cabinet—does not mean any cardinal changes will occur in domestic and foreign policy."

There are many seemingly minor nuances in the event that are yet hard to explain. President Nazarbayev presented the list of a new cabinet to the parliament on the same day that the old cabinet resigned. Requesting an urgent convening of the Supreme Council (the deputies did not have a plenary session scheduled for that day), the president submitted to it not only the main

candidates for ministerial jobs but even several backup names. Some candidates were proposed by Nazarbayev in such a form that parliament members quickly realized that any discussion here would be out of place.

Nursultan Nazarbayev also made it known that the initiative of the cabinet's resignation mainly comes solely from him, although Sergey Tereshchenko maintains the opposite—that he was the one who proposed that the ministers resign. In the environment of Kazakhstan realities, this is a quite important factor. The new cabinet does not include a single politician or economist who in the past criticized the government or advocated an alternative to the current economic course. In the opinion of Aleksandr Peregrin, leader of the Legal Development of Kazakhstan deputy faction, this is evidence of the lack of desire on the part of the leadership to conduct a constructive dialogue with the opposition, bring it into the implementation of reforms, and try to correct the cabinet's bankrupt course.

All this looks more than strange as the new prime minister, Akezhan Kazhegeldin, has over the past few months actively sought contacts not only with the industrialists lobby but also with the leadership of the Progress parliamentary opposition bloc.

Many presidential advisers, as well as cabinet members, are already familiar with Progress' alternative program, and there were no serious objections or criticisms on their part. The main theses of this program: abandon monetarism, encourage domestic producers, and give reform a social direction.

"Any government that continues the current course is doomed," is Vitaliy Rose's opinion. "Further development of the crisis may lead to a situation where quite possibly a threat may arise even to the territorial integrity of Kazakhstan. The contrast in the level of development of different regions as well as the reaction of some population groups to certain of the leadership's initiatives is just too great. Further decline in the standard of living will be exacerbated by a depression. The opposition emphasizes once again its desire for a constructive dialogue and calls for correcting the ruinous course; otherwise, no maneuvering will save even the president himself."

#### **Yesenberlin on Government Shakeup**

954K0172A Almaty KARAVAN in Russian No 42,  
21 Oct 94 p 2

[Interview with Kozykorpesh Yesenberlin, former chairman of the Kazakhstan State Committee on the Administration of State Property, by Viktor Shatskikh; place and date not given: "Kozykorpesh Yesenberlin: 'Kazhegeldin Brought His Own People Into the Government'" ]

[FBIS Translated Text] There have been changes again in the top echelons of the GKI [State Committee on the Administration of State Property]. K.I. Yesenberlin,

having headed this agency for less than four months, has been removed from its helm and has returned to private business.

[Shatskikh] Kozykorpesh Ilyasovich, are you disappointed? Or was the "pilgrimage into power" nothing more than a stroll in search of new impressions for a person who has his own solid firm?

[Yesenberlin] I have gained experience, had an inside look at the mechanism of executive authority. Of course it was not a "stroll." We talked when I had just come to this chairman's job, and you probably remember that I was all geared up to work, to help the government and the president. By the way, at the time it was personally Nursultan Abishevich who asked me to take charge of the committee.

[Shatskikh] Does this mean you have not justified his hopes?

[Yesenberlin] It is impossible to either ruin much in the job or to raise it to new heights in four months. All I had time for was to get the hang of the business at hand, figure out everything in detail. We have drafted a program which, I am convinced, would give privatization proper momentum, without demagoguery and empty promises. But my personal relationship with Akezhan Kazhegeldin, who was then Tereshchenko's first deputy, just did not work out from the start. Akezhan Magzhanovich unquestionably is a competent and experienced manager. But the relationship just did not work out, and there is nothing that can be done about it.

[Shatskikh] Watching personnel reshuffling, one gets the impression that the new prime minister has a dislike for the "locals." Had you been originally from East Kazakhstan....

[Yesenberlin] I do not think it is right to look at everything from that angle. One way or the other, but the new prime minister brought his own team into the government, and part of the Cabinet of Ministers are now his people. Although there are other forces as well. They also have managed to make some gains in the struggle for posts in the new Cabinet of Ministers.

[Shatskikh] As an example—the appointment of Altay Tleuberdin as minister of the economy, which was a surprise to many.

[Yesenberlin] I would rather not go into personalities. In principle, struggle for power is a natural process. It is bad when the cause suffers, however. Frankly, I still cannot figure out why they brought me in four months ago.

[Shatskikh] Is it only Kazhegeldin with whom you have tense relations?

[Yesenberlin] I had no idea what a united and mighty force the apparat, the bureaucracy, is. Any decision and document that needs to be put through will get stuck in the process—without exception—with the apparat

support. All this coordination, initialing.... Besides, I was an outsider for them. I came from private business.

[Shatskikh] There was probably envy as well?

[Yesenberlin] Well, yes, something like that. See, he comes all nicely "packaged," and we here.... Something like class antipathy....

[Shatskikh] The job of the GKI chairman is considered in many respects, how shall I put it... promising.

[Yesenberlin] There is a smart saying: Dividing bread should be entrusted to someone who is not hungry. There have not been and are no businessmen in our government. You see, I can already afford, unlike the bureaucrats, not too worry about money in such a convulsive, all-consuming manner.... I already have it. And therefore, when I came into this job, which is considered "cushy," I had other thoughts and concerns.

[Shatskikh] Such as concerns of the common good?

[Yesenberlin] That would sound too lofty. But I am absolutely convinced that businessmen are needed in the government, and they are needed in the parliament, because without them, both laws and day-to-day administrative work will remain one-sided, oriented only toward the state sector. Its share is shrinking, and its role in the economy has also declined perceptibly, but this is not reflected in any way in the power structures.

[Shatskikh] What about the prime minister himself? Has he not come from the business world?

[Yesenberlin] To the best of my knowledge, Akezhan Magzhanovich came from industry, not business; he was involved in mineral deposits development.

[Shatskikh] Are you returning to Alemsistem? By the way, I heard that your boss until recently—Sergey Tereshchenko—also is going into business.

[Yesenberlin] Yes, Sergey Aleksandrovich is setting up the Integration Foundation, whose main task will be restoration of disrupted ties with the republics of the former USSR.

[Shatskikh] Am I correct in understanding that this will be Tereshchenko's private commercial firm?

[Yesenberlin] I assume the foundation will be engaged in commerce as well. I want to help Tereshchenko, who is a beginner in business. I myself am not going back to Alemsistem at this point, as a matter of principle. I have founded a new company—Asia-Leasing—which will be the first leasing company in Kazakhstan.

#### Public Surveyed on Trust in Nazarbayev

954K0/94 Almaty KARAVAN in Russian No 40.

7 Oct 94 p 4

[Unattributed report on the Giller Institute opinion poll: "How Much Do You Trust President Nazarbayev?"]

[FBIS Translated Text] To this question, 1,200 respondents in 90 cities and rural settlements in Kazakhstan replied as follows:

Have complete trust	22.3 percent
Mainly trust	35.9
Not particularly trust	28.5
Do not trust at all	9.7
Do not know enough about him	1.5
No opinion	2.1

The president has the highest confidence rating in rural areas (65.5 percent fully or mainly trust him). Then the rating declines gradually in inverse correlation to the size of the population centers (55.0 percent in cities of oblast subordination, 54.4 percent in oblast centers, and 51.1 percent in Almaty). The president has the highest confidence rating in Semipalatinsk Oblast (71.4 percent fully or mainly trust). This indicator, contrary to the common perception of the "northern separatism," also was quite high in North Kazakhstan Oblast (60.5 percent). The lowest rating was registered in Akmola Oblast (51.8 percent).

It is hard to tell why the head of state has a relatively low rating in the area he has chosen to be the new capital. We will dare to venture, however, that it is to considerable extent related to precisely this factor. The research done by the Giller Institute approximately at the same time as the measurement of the president's rating showed that the share of Akmola residents who approve the transformation of their home city into the republic capital declined from 56 percent in September 1993 to 14.9 percent in September 1994. A paradoxical fact at first glance. But if we take into account that Akmola is already getting a taste of such charms of capital city life as expensive housing and the glut of bureaucracy, the shift in the spectrum of opinion becomes understandable. More than 80 percent of Akmola residents polled believe that turning their oblast center into a capital will exacerbate the city's housing, food, and transportation problems.

Let us return, however, to the president's rating. Russians trust the president somewhat less (18.3 percent fully trust and 36.8 percent mainly trust) than Kazakhs (28.1 percent fully and 36.4 percent mainly).

Among socioprofessional groups, the trust in Nazarbayev is the highest among unskilled agricultural workers (89.5 percent fully and mainly trust), and the lowest—among specialists (54.3 percent), skilled workers (55.0 percent), and pensioners (56.3 percent).

The survey was conducted by a republic-wide sample using the personal standardized interview method.

### **Public Opinion Poll on Cabinet Shakeup**

*954K0184A Almaty PANORAMA in Russian No 41.  
22 Oct 94 p 3*

[*"Results of Public Opinion Poll on the Change of Government"*]

[FBIS Translated Text]

#### **The Population Approves Tereshchenko Cabinet Resignation**

The survey was conducted by the BRIF Social and Market Research Agency at the request of PANORAMA editors.

The survey was conducted by the telephone poll method in Almaty on a sample representative of the Almaty population.

The poll was conducted 14-17 October 1994, with 404 respondents polled.

#### **The Survey's Main Results and Conclusions:**

**Question:** Do you know that the Cabinet of Ministers of the Republic of Kazakhstan [RK] tendered its resignation?

Most respondents (92 percent) at the time of the poll knew that the RK Cabinet of Ministers had tendered its resignation.

Eight percent had heard nothing about the cabinet's resignation.

**Question:** How do you feel about the resignation of the Cabinet of Ministers of the Republic of Kazakhstan?

Of the total number of respondents polled:

23 percent approve this step on the part of the government

9 percent more approve than disapprove

12 percent more disapprove than approve

14 percent disapprove

41 percent had no opinion

1 percent did not answer

**Question:** In your opinion, will anything change in the life of our republic after the Cabinet of Ministers' resignation?

A considerable number of respondents (42 percent) believe that after the RK Cabinet of Ministers' resignation there will be some changes in the life of our republic.

However, 41 percent of city residents polled believe that this resignation will not change anything.

And 17 percent of the city residents polled did not have an opinion.

**Question:** If anything does change after the resignation, will it be for the better or worse?

Of those who expected changes after the RK Cabinet of Ministers' resignation, 49 percent believe that the changes will be for the better.

Within the same category of respondents, 36 percent believe that the changes will be for the worse.

#### **Most Almaty Residents Expect a Change for the Better After the Former Cabinet of Ministers' Resignation**

The results of the poll conducted by the BRIF Social and Market Research Agency showed that the population of Kazakhstan, and in particular of its capital city, despite numerous laments of late regarding citizens' political apathy, continue to display a genuine interest in politics, as evidenced by the fact that more than half of Almaty residents (58 percent, of which 32 percent approved the government's resignation and 26 percent disapproved) two days after the resignation of the Tereshchenko cabinet had been accepted had already defined their position on the issue.

It is unambiguously clear that at the decline of its activities the Tereshchenko government was even more unpopular than in the beginning.

Despite the fact that by the end of the poll—17 October—8 percent of the population had no knowledge of the Cabinet of Ministers' resignation, the 42 percent share of those who had no opinion regarding the resignation should indicate more of a wait-and-see attitude and caution than a lack of position. And if Akezhan Kazhegeldin's government pays more practical attention to matters of social support of the population, this group should in the future unequivocally support the new cabinet and its leader.

It should be noted that Mr. Kazhegeldin came to power with a solid safety margin: Of the 42 percent of respondents who expect changes, 49 percent count on things changing for the better. It cannot be ruled out, though, that once again the phenomenon of the Soviet man, used to living in the expectations of a bright future, played a role as well.

At the same time, 41 percent of the city residents polled believe that the Tereshchenko government's resignation will not change anything—a rather serious symptom for the new government, which has already assured citizens regarding its future unpopular moves. In this respect, 36 percent of citizens expecting change—the pessimists ready to face a worsening of their living standards—agree with Mr. Kazhegeldin.

**Prosecutor General on Economic Crime**

954K01804 Moscow DELOVOY MIR in Russian  
18 Oct 94 p 8

[Interview with Zharmakhan Tuyakbayev, prosecutor general of the Republic of Kazakhstan, by DELOVOY MIR correspondent Ivan Dimov: "Zharmakhan Tuyakbayev: Our Society Is Living in a State of Prostration. Stealing Is No Longer Anything To Be Ashamed Of. That's What's Frightening..."]

[FBIS Translated Text] [Dimov] Zharmakhan Aytayevich, let us discuss first of all the matter to which the public's attention has been riveted for more than a month. I have in mind Mars Urkumbayev, the former minister of economics. People are talking about this case in governmental corridors, are gossiping in the streets...

[Tuyakbayev] You will probably be surprised by my answer, but in general this is a rather ordinary case if you do not consider that its chief "hero" is a minister and member of the government. Unfortunately this leads us jurists to rather sad reflections. According to the Constitution, we are all equal before the law. But it so happens in life that high-ranking officials would seem to be "more equal." If even some of the accusations that we are attempting to direct at Mr. Urkumbayev pertained to a lower ranking chief, he would have been in court long ago. And the suspect's fate would probably not have interested the mass media... But currently, whether we want it or not, we workers in the law-enforcement agencies find ourselves hostages of political games.

From the moment when Mars Fazylovich was temporarily removed from his duties as minister of economics, there has been massive pressure on the prosecutor's office. I cannot call this anything else. The public opinion being created is that the investigation is setting up a witch-hunt. Our opponents are attempting to "launder" the existing facts, to give them a more "convenient" interpretation. All of this is preventing the law from triumphing.

[Dimov] What specifically are you accusing Mr. Urkumbayev of?

[Tuyakbayev] A whole bouquet of violations of the law: thefts, instances of malfeasance.

While he still a minister, he asked A. Bauman, general director of the Shymkentnefteorgsintez Joint-Stock Company, to sell him a small detached house that the association had in Alma-Ata. I emphasize: the association, not a private firm. Ninety percent of the shares continue to belong to the state. The director easily agreed. How could he object? After all, the minister was asking...

The house had been built in 1993. At that time its value was 324 million rubles, which was equivalent to \$430,000. But Urkumbayev bought it for just \$15,000... Moreover, the minister deceived the premier, because it was with his authorization that he had purchased the

house. Yet Mars Fazylovich, as an economist, must have known that the balance-sheet value during a buying-selling transaction is subject to indexing...

As head of the administration of South Kazakhstan Oblast, he transferred \$100,000 from the oblast's currency fund to the South Kazakhstan Branch of the National Academy of Sciences. And then, on behalf of the branch, he transferred an identical amount of money to a joint-stock bank that was being created on his initiative. In the same manner, without any special credit contract, and without indicating the deadlines in the terms for returning it, he transferred the oblast administration's currency to the statutory fund of the same bank on behalf of the petroleum refinery and lead plant. And in Zhambyl Urkumbayev became the general director of the foreign economic association, and subsequently headed the council of the joint-stock commercial bank. The association's funds were used to cover the debts of the Aziya Sauda firm, which was managed by the future minister's son...

In a word, we had accumulated a large number of questions we wanted to ask Mars Fazylovich.

[Dimov] So far as I know, the question of the minister of economics was heatedly discussed in two parliamentary committees...

[Tuyakbayev] Yes, the committee on constitutional legislation and human rights, and also the committee for legislation, legality, and law and order. They passed a decision: satisfy the recommendation of the Prosecutor General's office. Then the question was reviewed at the Coordination Council. A similar decision was passed there. The debate in parliament was stormy. On the second attempt the deputies decided to deprive the minister of his parliamentary immunity.

It is necessary, however, to keep one thing in mind: if our recommendation had been rejected, that would not have meant that the minister was acquitted. It seems to me that no merits are a reason for flaunting the law. These were incomparable things.

Parliament is not a court. It does not have the right to evaluate those facts that I presented. And in this instance there is no need to convert a parliamentary hearing into a court inquiry, although certain deputies were inclined to act in precisely that way.

To tell you the truth, I was not too worried about whether or not the deputies would give their consent. That is a matter of their conscience. But it is a matter of my conscience that the law must triumph.

[Dimov] You and I have discussed the "Urkumbayev case" in great detail. And, I think, we did so in a completely reasonable manner. So much had already been said about it.

But let's look at the problem more broadly. Let's consider the last two or three years.

Many law-abiding citizens who are not very closely acquainted with your department sometimes get the strange sensation that the operation of a tremendous repressive apparatus resembles the saying "the mountain gave birth to a mouse." Especially if the case pertains to "the powers that be."

The menacing gesture would seem to be a strong one, but when it comes to punishment, the person gets just a slap on the wrist.

I would like to give a specific example. A year ago, in April 1993, I happened to be talking to Yevgeniy Ovchinnikov, chief of the Administration for Investigating Especially Dangerous Crimes, of the Kazakhstan Prosecutor General's Office. He told (and the newspaper quoted) a story about the arrest of the key personnel at the Nevada-Semey joint-stock company. They were accused of illegally exporting metal, of blackmail, and of possessing weapons. But in court, the chief accused B. was released to the accompaniment of the joyous outcries of his family and unflattering epithets directed at the judicial system. The court deems all the arguments given by the prosecutor's office to be at best not very convincing... There was no loud trial. Zharmakhan Aytbayevich, can you tell me what you felt personally when you learned of the court's sentence?

[Tuyakbayev] I'll be frank with you. I had a sense of bitterness and disappointment. Not directed against my opponents in the person of ones who had brilliantly prepared for the trial, or against the judges. Rather, those feelings were directed at ourselves, at the associates in my own department.

In the new market conditions many prosecutors sometimes feel uncomfortable. They still have much to learn in order to play "on equal terms" with those who are being investigated, and even more to be above them. Economic crime is the purview not of purely educated thugs with a fourth-grade education. The people operating here are the elite members of the criminal world.

There is a second and very important factor. A number of prosecutors rushed to the mass media in the hope of finding a defense there, in the hope of justifying themselves for their own lack of professionalism. It was an unsophisticated scheme: first create for oneself the image of a "Mafia fighter," and then gather the evidence.

Does that mean that the prosecutor in general must be completely mute before he goes to court? I would not raise that question so categorically. He can report on violations of the law in a specific instance. But I would recommend that he refrain from any extensive commentaries. It is only the court that must throw light on all aspects of the case. Especially when the legislation is far from perfect.

[Dimov] Zharmakhan Aytbayevich, when you spoke at a session of the Supreme Soviet, you "exploded a bomb," by giving the name of vice-premier A. Zhabagin in

connection with extremely unsavory matters. Then Zhabagin held a press conference and in an extremely understandable and convincing manner explained that he had not gotten any personal profit from any of the dubious transactions. And although the vice-premier carefully avoided making any sharp statements directed at you, even stating that he did not have "any claims" against the prosecutor general, questions have remained. And they pertain primarily to you: when you took the rostrum at parliament, you must have been aware of the fact that you were playing with fire. Could it be that that was a premature statement?

[Tuyakbayev] Definitely not. I want to remind you that I was talking about a definitely established fact: on orders issued by A. Zhabagin (who was at that time the head of the Pavlodar Oblast administration) the Yermak Ferroalloys Plant had shipped its output to a certain commercial structure—at a price below production costs. That is, it had traded with a loss to itself. Is that an absurdity? Yes, if you do not take one detail into consideration: the leadership of that firm included the current vice-premier's brother... It is necessary to explain that currently persons who are participants in this buying and selling are attempting these kinds of transactions, which are "abnormal" from the point of view of common sense. These conclusions are verified by investigation.

[Dimov] We talk a lot about the imperfection of the legislation. People are, as the expression goes, sick and tired of the topic. But probably the biggest paradox consists in the fact that we do not yet have a Law Governing State Service.

[Tuyakbayev] I agree with you completely. We desperately need a law that clearly states what a state official, even one of the highest rank, may or may not do. Yes, he must have certain benefits, but they should be legally formalized.

Needless to say, I have at my disposal a rather large amount of information about how officials are enriching themselves while literally balancing themselves on the brink of the law. But they have their own logic: I might be kicked out tomorrow, and I'll be as poor as a church mouse. It is a frightening logic, but it is caused by the lack of social protection for the state employee.

[Dimov] The people who probably should have something important to say here are the specialists in the tax service. How does the prosecutor's office interact with the tax inspectorate?

[Tuyakbayev] The tax inspectorate has undergone several reorganizations. The state, realizing that the tax official must be given a material self-interest, has established high salaries. It would seem that all a person has to do is to work and to make sure that the state treasury gets absolutely every penny that it is supposed to get.

Unfortunately, for the time being we observe a completely different situation. In the course of our audits,

which we conduct for various reasons, we unexpectedly come upon large amounts of money that have been overlooked by the tax inspectors. On the basis of our injunctions, hundreds of millions of rubles—if we are speaking about 1993—were returned to the budget.

One of the loopholes used by dishonest workers is the broad possibility of granting benefits at one's own discretion. Without a doubt this is a great temptation, and this imperfection in the law must be eliminated as soon as possible.

A well-organized tax service is only one of the conditions for the reform that is currently under way in society. Another condition is the use of foreign credit. Unfortunately, the "currency rain" that has fallen on the republic has not yet yielded any results.

Every instance of credit—and I definitely mean every one—must be distributed by auction. It is also necessary to guarantee the maximum publicity and competitiveness for firms that are competing with one another. Let them assert while people are present that they will return the debt by the maximum deadlines and this will also be for the good of society. Unfortunately, very frequently the fate of the credit is decided in the stillness of high offices, and this opens up a broad scope for illicit deals.

Credit that is received "on the sly" is also spent secretly. We have uncovered a certain general scheme. Two contracts are prepared for equipment that has been purchased: one contract is for them, and the other is for us. If, for example, it states \$3 million in their contract, it says \$5 million in ours. It is easy to guess where the remaining \$2 million goes, but you can understand that it is not used for philanthropic purposes... With regard to several of these situations we are conducting audits.

I would like to mention something else. Our society, despite the reforms, is experiencing a period of some kind of prostration, of indifference. Stealing is no longer something to be ashamed of—that is what is frightening. That is what is depressing. People say respectfully about a crook: "He's got a sharp mind," or "He's got good business sense." And our court, which is the most humane court in the world, simply goes along with those views.

Well, why not? The managers of Turanbank took bribes and enriched themselves by half a million dollars. All the proof is available. The Supreme Court board considered the case for two months and, on the basis of completely concocted circumstances, returned the case for additional investigation. The accused individuals were released from custody. We categorically objected to that. That decision was appealed. The Presidium of the Supreme Court agreed with our arguments, and threw out the decision that had been made by the criminal cases board of the Supreme Court. The measure that was intended to stop Mr. Korzhov from continuing his criminal actions was changed: instead of signing an agreement not to leave the area, he was supposed to be

taken into custody. But what did that agreement mean for the criminal? He had already disappeared...

I think that he has already disappeared outside the confines of our country and is laughing at our inept and senseless judicial system. That is how certain of our associates are "helping" us.

Currently the case has been suspended because of the absence of the accused. It is an idiotic situation—I cannot think of another word to call it.

[Dimov] Economic crime recently has not been limited to swindling, currency operations, or tax evasion. Currently it is not squeamish even about "wet" deeds [those involving bloodshed]. Recently the republic's capital was stunned by the death of I. Milgram, the head of the Almatygorstroy joint-stock company, and his personal driver. It was cold-blooded murder by hire, and the case has absolutely no leads...

[Tuyakbayev] Unfortunately, murders by hire are increasingly becoming the scourge of modern society. It may seem to you that I am talking about my favorite subject again, but I firmly adhere to my own point of view. It is difficult to count on seeing a decline in the curve representing these crimes until we review the legislation in the most serious way.

[Dimov] Incidentally, Zharmakhan Aytbayevich, how do foreign firms behave in Kazakhstan? Do they serve as an example of abiding by the law, or, conversely, disdain for the laws of a sovereign state?

[Tuyakbayev] There have been instances that are very complicated. A well-known foundation became the victim of fraud. To their misfortune, the administrators of that foundation became acquainted with a U.S. citizen by the name of Akopyan, who headed the Russian Slavic Foundation in that country.

Akopyan, promising mountains of gold—ecologically clean equipment, miniplants, and even the construction of an Islamic Center in Alma-Ata—recommended to them that they obtain credit from the National Bank in the amount of 10 billion rubles, against gold ingots that he allegedly had in his possession. The credit was obtained, was converted, and was sent to the United States. It actually turned out that Akopyan is simply a swindler and does not have any gold. The foundation currently is unable to get its money back. I ask you now: what is this? Astonishing carelessness or something greater? You have to check seven times to see how solvent and honest a foreign partner is.

[Dimov] But you must agree that the fight against crime requires considerable material expenditures. Recently I met experts from the Bonovi firm who would like to provide the prosecutor's office and the republic's Ministry of Internal Affairs with special equipment, including protective devices, armament, etc. All of this is definitely necessary. However, there are only holes in the budget. How do you plan to get out of the situation?

[Tuyakbayev] First of all I would remark that the taxpayers of Kazakhstan are not threatened by any new taxes to maintain the law-enforcement agencies. This operation will be financed by international funds—for the fight against corruption, drug addiction, and other types of crime—and will be sponsored by the law-enforcement agencies in various countries. People throughout the world understand that it is more advantageous to strengthen law and order in the CIS countries than to wait for the wave of crime that is overflowing the borders of the former Union to subside.

[Dimov] Isn't international aid linked with the granting of definite benefits to international corporations, for example, in the drilling and refining of oil?

[Tuyakbayev] Definitely not! We recognize only equal partnership. So if we do accept aid, it will be after coordination with the president and with the government.

[Dimov] Could you tell me whether there have been instances when you were offered a bribe?

[Tuyakbayev] As the expression goes, God passed me by. Or maybe it is because a person himself has to give someone else a reason for offering a bribe.

[Dimov] I understand that I am now invading an area that is extremely delicate. Nevertheless I would like you to answer within the confines of what is permissible. You probably have a rather large number of enemies. What do you feel when you get into your official car and are driving to your dacha? What are you counting on mostly: your guards or good luck?

[Tuyakbayev] Of course, certain security measures are taken, but I am not planning to hide from anyone. Because I'm not a criminal. Even when participating in the most difficult trials, I always attempted not to give way to emotions, and always followed the law. Why, then, do people insult me by saying that I have put myself beyond the fatal line? This is what I feel. And I also believe in fate: what will be cannot be avoided. You can write down that I'm a fatalist.

[Dimov] One last question. Where did you go to school? Where did you work? And what kind of family do you have?

[Tuyakbayev] I am 47 years old. I was born in South Kazakhstan, in a small village between Tashkent and Shymkent. It was an ordinary kolkhoz family—ten children. My father is dead, but my mother is still alive. I visit my parents' home infrequently and that, of course, saddens me. My wife is a mathematician, but at the present time she is not working for a valid reason: she has become a grandmother. We have three children: two sons and a daughter.

I myself was graduated from Kazakh State University 23 years ago. I worked as a prosecutor in West Kazakhstan—Aktau, Atyray. I have been in my present job for more than three years. And I think that those years were well spent.

### Prospect of Fixed Currency Exchange Seen

954K0185A Almaty PANORAMA in Russian No 41,  
22 Oct 94 p 13

[Article by Yerlan Baymakhanov, independent investigator of problems of the currency market, under the rubric "Money": "The Question of Introducing a Fixed Currency Exchange Rate Is Being Discussed in Government Circles"]

[FBIS Translated Text] The Kazakhstan Interbank Currency Exchange, created more than two years ago as a center for trading currency and organizing the domestic currency market, just during the past 10 months has been operating as a stably functioning market mechanism.

Today the exchange is actively influencing the dynamics of the tenge exchange rate. This is being achieved through the collective efforts of the exchange council and the National Bank. The exchange council is successfully solving problems related to regulation of exchange activity, thereby demonstrating an understanding of the problems of Kazakhstan's commercial banks. Thus, specifically, such a significant representative of foreign capital as the ABN AMRO BANK Kazakhstan, which aspires to the highest positions in the local banking hierarchy, was not accepted as a member of the exchange. If one takes into account that in the existing version joint and foreign banks mean not so much an influx of capital as active redistribution of currency reserves that already exist in the republic and also their exportation in the form of incomes, the actions of the exchange council are quite justified. On the other hand, the existing possibility of acquiring currency outside the exchange reduces the effectiveness of the actions of the exchange council.

As for the National Bank, its growing exchange activity should be noted. This is shown by the results of the majority of trading sessions in 1994. It is quite obvious that the National Bank has changed from a passive player, basically holding the position of an observer in 1993, to the main participant in the events taking place on the market in 1994. This inspires a certain amount of optimism in the bankers and entrepreneurs and allows them to hope that the situation with the tenge is under control.

The financial resources backing the National Bank's activity are another matter. Have the so-called emergency government reserves not been put to work? After all, the National Bank is operating on the exchange basically only in the role of a seller. One can assume that the main sources of the currency sold by the National Bank are targeted international credits for conducting economic reforms; proceeds from the sale of gold on international money markets; National Bank revenues in foreign currency; and money from government budget funds.

Incidentally, the National Bank's average daily demand for foreign currency to maintain the tenge exchange rate, according to rough estimates, is about \$200 million.

The Interbank Currency Exchange is going through a stage of not only qualitative but also quantitative

growth. At the present time there are 34 participants who are members of exchange. They are exclusively banking institutions, including the National Bank, 29 Kazakhstan commercial banks, and four joint banks. Regional banks are poorly represented. There are only six of them. Thus the geography of the participants in the exchange shows that, in spite of the regions' immense currency potential, the concentration of capital is mainly in Almaty. It is quite probable that the expected vitalization of business activity in Central Kazakhstan will create the necessary preconditions for decentralization of capital and, possibly, also for the organization of a second currency market in the republic.

Speaking of the activity of exchange members of at trading sessions, it must be noted that a participant's activity is understood to mean not only the total effect of the transactions but also their frequency. The activity of one bank or another means the nature of these transactions as well. Thus most of the banks only buy currency, and only six or seven banks function regularly in sales. Here we have an interaction of the interests of at least three parties: the National Bank, the commercial banks, and the currency exchange itself. The exchange is interested primarily in the volumes of transactions since they are directly related to its income. And this means that the exchange is interested in its own expansion, in new members, and also in becoming more attractive to buyers and sellers than the nonexchange market is.

With all the positive changes taking place in the market one can still see a certain encroachment on the interests of the commercial banks and thus on their clients' interests as well. When a bank buys currency it receives it into its correspondent account at best two or three days after the close of trading. Unfortunately, the practice that has developed shows that the time it takes for the currency to be transferred can be even longer (seven to 10 days). Exchange workers cannot be blamed for this directly. It all depends on the honesty and good will of the seller bank. The mechanism for applying fines is unfocused, just as the normative base regulating this procedure is unfocused. Apparently the time has come when the exchange will have to look into having its own clearing bank. This bill could be filled by any large Almaty donor bank with a developed system of correspondent accounts, which participates in the Swift system, and which on a paid basis would provide settlement service for members of the exchange by opening a separate correspondent account for each of them.

The National Bank is interested in keeping the exchange rate between the tenge and the U.S. dollar and other hard currencies at a certain level. The current tenge exchange rate with apparent stability has been significantly reduced. At the same time the tenge's purchasing power is dropping. The tenge is becoming inflated more rapidly than the commodity mass and hard currencies. As a result, one sees such phenomena as an appreciable decline of the demand for tenge credits, a lowering of the refinancing rate, and a reduction of the volume of credit investments in the tenge.

All this is taking place against a background of increased demand for credit resources in foreign currency. Such a tendency, which has a Baltic effect, is dangerous mainly because of the lowering of the income level of commercial banks and the National Bank itself.

At the same time banks and financial companies have been given the opportunity to work actively with private currency deposits. While previously currency deposits occupied an insignificant position in the structure of the resources of commercial banks, today their share of the liabilities of commercial banks has increased appreciably. Rough calculations show that with the existing difference between the exchange rate and the cash value, borrowed currency can circulate through the exchange points with a rate of 220-250 percent annually in currency. This also explains the fact that many Almaty banks and financial companies are increasing their deposit percentage rate on currency deposits to 50-60 percent annually.

The lowering of the income level of the commercial banks is possible also as a result of the stiffening of interbank competition. The number of banks is increasing, including those with currency licenses. The quantitative growth is taking place under conditions of a relatively small capacity of the domestic currency market, which is developing more slowly than the banks are growing. The supply of basic banking operations with foreign currency has begun to outstrip the demand. Quite logically, there could be a significant reduction of rates for services and operations conducted by commercial banks. Thus, in particular, the cost has decreased by a factor of 1.5 to two for converting currency, international bank transfers, services of a nontrade nature, keeping accounts, and other operations. Under these conditions there is nothing for the banks to do but increase the speed of turnover of money by improving the techniques for ordinary banking operations and introducing new technologies.

Competition on the cash currency market remains strong.

The cash currency market today is represented by two large groups. They are the exchange points of commercial banks and private exchange points. Here competition is found only within the groups and never between them. There is more of a spirit of cooperation rather than competition between the two large groups. Indeed, private points use bank collections, participate in joint sale of bank cash currency, and receive cash reinforcements from banks. In other words, there is a mutually advantageous process of forming a civilized cash currency market. Therefore there is no basis for the fear of certain bankers who consider private exchange points as potential competitors. The private exchange points work actively where the banks "do not reach." Banks are mainly oriented toward medium-sized and large wholesale markets, while the private points are oriented only toward the private consumer. Far from all banks trade in currency until late in the evening or on holidays and days

of). The banks, aiming for maximum distribution of currency, are potentially not interested in purchasing it from the population, while private points are glad to do this. Bank exchange rates for buying and selling, for quite understandable reasons, are not very dynamic in spite of the constantly changing market conditions, while the exchange rates at private points are very mobile, for example, during the course of a single day.

As for interbank competition on the cash currency market, the future lies with banks that have "strong" branches in the regions. The regional differences in currency exchange rates, which are traditionally fairly large, with a certain skilled approach can compensate for the reduction of revenues from operations in the non-cash market.

In conclusion—a couple of predictions. There is reason to assume that the decline of the tenge exchange rate will continue. By the end of the year we will be paying 70-80 tenge per dollar. Government groups have seriously begun to discuss the question of introducing a fixed currency exchange rate. The introduction of a fixed exchange rate will make it possible to improve the payment balance and obtain a strong currency. Previously there were attempts to achieve such results with the help of devaluation, that is, reducing the value of the national currency. But devaluation is effective under other economic conditions, when the growth rates of domestic prices are no higher than the growth rates of world prices. In all other cases, devaluation means only fanning inflation.

The main condition necessary for the introduction of a fixed exchange rate is a particular level of inflation. It must not exceed the level of inflation abroad, otherwise the confidence in the national currency will be undermined completely.

A second important condition is the availability of large currency reserves in the National Bank, which are necessary for maintaining the tenge exchange rate at a certain level.

Successful fulfillment of these two conditions and the introduction of fixed exchange rates will give us a chance to hope that during the second half of 1995 Kazakhstan will have relatively inexpensive credit, a stable currency, and healthy foreign economic activity relations with its partners.

### **Tokayev Outlines Foreign Policy Course**

*954K0195A Almaty KAZAKHSTANSKAYA PRAVDA  
in Russian 22 Oct 94 pp 1, 3*

[Article by Kasymchomart Tokayev, minister of foreign affairs of the Republic of Kazakhstan: "Kazakhstan's Foreign Policy: Priorities and Tasks"]

[FBIS Translated Text] The third anniversary of sovereign Kazakhstan is a good occasion for sharing ideas about the republic's position and role in the modern

system of international relations. One can say without exaggeration that, thanks to the efforts of President N.A. Nazarbayev, Kazakhstan has successfully entered into the world archetectonic as a state which complies with generally recognized norms of interstate relations and pursues a policy that contains no elements of confrontation or extremism.

The constructive nature of such a foreign political course has already produced appreciable results. While a year ago the need to provide for Kazakhstan's foreign security and to obtain the corresponding guarantees from the leading powers was being discussed in the context of a priority task, now there is every reason to assert that new imperatives have come to the fore. The time has come for "daily" diplomacy and painstaking work aimed at the development of the infrastructure of interrelations between Kazakhstan and other states. This conclusion is based on the concrete realities in the sphere of foreign policy.

The Kazakhstan-Chinese declaration signed in October 1993 is of great significance for strengthening the republic's independence. By ratifying this fundamental document with their signatures the chairman of the PRC Jiang Zemin and President of Kazakhstan N.A. Nazarbayev essentially dotted the i's on such an important problem as Kazakhstan's security in relations with its great southern neighbor. China made a contractual commitment not to use nuclear weapons against Kazakhstan, not to resort to force or the threat of force, and to respect its sovereignty and territorial integrity.

On this same plane, undoubtedly, there was a great deal of significance to the signing at a high level of the "charter on democratic partnership" with the United States. It is important that relations between Kazakhstan and Russia were also spelled out in a fundamental document—the Treaty on Friendship, Cooperation, and Mutual Assistance, which served as a basis for a number of agreements and accords. Work to improve the legal structure of Kazakhstan-Russian relations is continuing.

Thus the goal sought after in the first stage of Kazakhstan's foreign relations was achieved through diplomatic actions. Now one could speak of the fact that Kazakhstan's long-term interests are served by the republic's deeper involvement in world affairs, particularly its active participation in processes at the regional and global levels and the formation of international structures which could contribute to reinforcing post-confrontational realities and establishing the primacy of norms of international law.

At the same time, in order to satisfy Kazakhstan's strategic interests, our diplomacy must be reinforced by a broad field of political maneuver, the development of relations in a democratic and constructive partnership, a good-neighbor policy, and mutually advantageous cooperation with all countries. It seems that the distinguishing features of Kazakhstan's foreign policy should be adherence to principle and firmness in defending

basic interests in combination with flexibility in achieving the long-term goal and also equidistance, balance, and predictability. These characteristics correspond most adequately to Kazakhstan's geopolitical situation. Being a neutral state with clear indicators of Eurasianism, Kazakhstan must use foreign political means to achieve a strengthening of its own positions and authority at the global and regional levels. Therefore the priorities of Kazakhstan's foreign policy should be the following:

Kazakhstan's diplomacy should continue on a course toward strengthening cooperation with states of the so-called "post-Soviet space." Here this policy could be pursued in parallel at two levels. First, it is necessary to develop ties on a bilateral basis. Second, it is important not to let up on activity for transforming the Commonwealth of Independent States into an effective association capable of solving large problems in order to increase the effectiveness of the economies of the corresponding countries and improve cooperation among them.

It is necessary to proceed from the idea that the most effective form of multilateral interaction under modern conditions could be the Eurasian Union of States as a tangible expression of the will of the interested countries, which are striving to take advantage of one another's potential to resolve essentially identical problems of the transition period. The president's Concept is an adequate response to the objective realities of the modern world which is increasingly being drawn into international processes. The idea of the EAS [Eurasian Union] is valuable in that it is forward-looking by nature and aimed toward the future. It is in unification rather than separation that we see the main path to the development of civilization. The embodiment of the initiative of the Eurasian Union will undoubtedly mean that it cannot entail the restoration of previous relations according to the pattern Center—"Peripheral Republics," including because the EAS is open to all states that are striving to strengthen their international potential at the global level.

Speaking of priorities, it is necessary to emphasize the immense significance of interrelations with the Russian Federation. Present here are factors of the mutual dependence of the economies, the historical proximity, and demography. Both of the neighboring countries have been "doomed" to a good-neighbor policy and cooperation. This cooperation should be marked by equal rights and mutual advantage if one keeps in mind the strategic goal of strengthening the common economic, defense, humanitarian-information, and educational space. We are also proceeding from a fundamental assumption that Russia's democratic development is a necessary condition for stable and safe development of Kazakhstan. Daily concrete work by Kazakhstan's diplomacy in the Russian area shows that with mutual respect for fundamental interests of the peoples of the two states it is quite possible to achieve the goals that have been set. Friendly

Kazakhstan-Russian relations are a powerful factor in stabilizing the situation over an immense part of the European space and a weighty contribution to global stability and security.

It is important to devote adequate attention to the development of integration within the framework of the common economic space which unites Kazakhstan with Uzbekistan and Kyrgyzstan. In addition to reinforcing bilateral cooperation with the aforementioned countries, it is becoming crucial that we make more efficient and effective the political and economic union, which could become the precursor to a broader and more powerful formation.

One of the major priorities of Kazakhstan's diplomacy is the development of relations with the United States. It is necessary to keep in mind that with the collapse of the USSR the situation in the world underwent qualitative changes. Bipolarity as a geostrategic category began to lose its significance, giving way to multipolarity along with increased influence and attractive force of a single pole, namely the United States. Relations between Kazakhstan and the United States are one of the most important preconditions for the republic's harmonious entry into the world community and strengthening of its position in international political and financial institutions, and also the acquisition of access to advanced technologies.

In addition to the already existing base for cooperation in the areas of security, defense conversion, science, and technology it will be necessary to create the proper conditions for full-scale embodiment of the "Charter on Democratic Partnership." The economy should play an essential role in Kazakhstan-American cooperation. None could do better than Washington in rendering effective aid to Kazakhstan in mobilizing international financial aid for stabilizing the republic's economy at the macro level. Kazakhstan also has the right to hope for deeper involvement of the U.S. private sector in its economy and also interaction in resolving the critical problems of the ecology of the Aral and Semipalatinsk regions. In this regard a certain amount of optimism is inspired by Washington's decision to create a fund for the development of private entrepreneurship in Kazakhstan.

Our state should continue to pursue a course toward the development of balanced relations with both European and Asian states. On this plane the European Union is of special interest from the standpoint of long-term prospects. In the near future it will enter into relations with states of other regions on behalf of all of Europe. The planned signing of the agreement with the European Union will undoubtedly contribute to Kazakhstan's integration into the system of political and economic interrelations at the European level. The European Union opens up broad possibilities for Kazakhstan in the spheres of science, education, and culture.

As concerns bilateral cooperation, increased attention should be devoted to the FRG and France on the

European continent. But this does not rule out further development of cooperation with other European states.

In the Asian region relations with the PRC will continue to be extremely important. Cooperation with this great power is important not only from the standpoint of the creation of favorable external conditions for internal transformations in Kazakhstan but also on the plane of accounting for the dynamics of the development of processes in Asia. It is namely this region, according to estimates of UN experts and other respected specialists, that will determine the course of the world's economic (and also, possibly, political) development in the next century. One cannot but see that by maintaining internal stability and curbing separatism in the national regions, China will be able to make significant changes in the alignment of forces in the structure of international relations.

It is necessary to give the proper impetus to cooperation with Japan. The joint declaration signed during N.A. Nazarbayev's visit to Tokyo in April of this year gives us hope for the development of effective relations. This document registered the similarity of positions of Kazakhstan and Japan regarding a number of international problems. In particular, Almaty and Tokyo hold the same viewpoints regarding bringing UN structures into compliance with modern geostrategic realities. It follows from this that Japan has a right to count on membership in the UN Security Council as a power that has made a large contribution to global stability. Now on the agenda for Kazakhstan-Japanese relations are large investment projects and interaction in the international sphere.

In South Asia, Kazakhstan's diplomacy will increase efforts for further development of relations between India and Pakistan.

As a result of a number of foreign political actions, especially the president's visit to Thailand in July 1993 and also the visit of the minister of foreign affairs to Malaysia, Singapore, and Indonesia, relations with key states of the Southeast region have undergone significant qualitative changes. Although it was a little late, Kazakhstan has "penetrated" these countries, which will occupy an important position in our republic's foreign policy. With the proper measures for the development of cooperation with the aforementioned countries, Kazakhstan will undoubtedly receive weighty dividends in the economic sphere and also on the plane of strengthening its own positions in the Asia-Pacific Ocean Region. Next in line are N.A. Nazarbayev's visits to Southeast Asia, which have been planned for the first half of next year.

An important direction for Kazakhstan diplomacy is balanced relations with the two Koreas. Economic cooperation with Seoul looks very promising. In the foreseeable future it will be necessary to raise the level of the political dialogue with this country. At the same time it is necessary to devote the proper attention to the development of friendly relations with the DPRK, which plays a significant role in modern geopolitics.

The attention of Kazakhstan's diplomacy will continue to be focused on the key countries of the Near East region. One can say without exaggeration that the president's recent visit to Saudi Arabia was a breakthrough of Kazakhstan's diplomacy in the Near East area. The treaties that were signed and agreements that were reached make it possible to hope for favorable development of relations, which could entail effective economic aid to Kazakhstan. Strengthening of the republic's positions in the Near East will be promoted by relations with such an important country as Egypt. Moreover, in the foreground is the task of expanding the range of our diplomacy in this region. We will have to make efforts to increase cooperation that is advantageous to Kazakhstan with states of the Persian Gulf, Morocco, Syria, and Tunisia.

Judging from everything, Kazakhstan's relations with Turkey will continue to be significant. This conclusion is confirmed by N.A. Nazarbayev's recent visit to Ankara. But as the republic's international relations become more diverse, Kazakhstan-Turkish cooperation will also inevitably undergo the appropriate changes. From all appearances forms and methods of trade and economic ties will improve from the standpoint of increased effectiveness. It is necessary to keep in mind that Turkey is important to Kazakhstan as a channel for transportation communications and access to the sea and as an effective instrument for advancing Kazakhstan's interests in international organizations, particularly NATO.

As for Iran, it too will occupy an important position in our international policy as a prospective market for Kazakhstan and an alternative to the republic's access to world communications. Kazakhstan's diplomacy should be conducted with the objective of achieving strategic goals of strengthening the republic's economic potential. The role of international structures is increasing. It is necessary to make effective efforts to develop mutual understanding and cooperation with such respected organizations as ESCAP (socioeconomic development of countries of the Asia-Pacific Ocean region), UNEP (United Nations Environment Program), UNDP (United Nations Development Program), WHO (World Health Organization), etc. Considerable possibilities for the republic's development along the line of education, culture, and the mass media ensue from cooperation with UNESCO. Based on a priority of international organizations for Kazakhstan, it is necessary to continue to participate actively in the activity of the United Nations. It is this world organization that is the "window" for Japan into world politics, and, consequently, it provides a guarantee of the republic's irreversible involvement in geopolitical processes.

It will be necessary to do a large amount of work within the framework of the CSCE. Having taken on the commitments included in the Helsinki Final Act and the Paris Charter for a New Europe, Kazakhstan must make an adequate contribution to the development of the fundamental documents pertaining to the European process.

At the same time in the Asian area the foreign political service will continue to implement the ideas of convening a continental forum on interaction and measures of trust. Although this idea is being played up and embodied in various versions by a number of Asian countries and groupings, still President N.A. Nazarbayev's initiative is perceived as Kazakhstan's sincere desire to make a contribution to Asian stability and security and, consequently, it is an indispensable element of its foreign political activity.

Such, in brief, are the priority directions and tasks of our state's foreign policy. There is no doubt that the success or failure of Kazakhstan's diplomacy will depend to a decisive degree directly on republic's economic position. At the same time foreign policy is by no means [line illegible] since it has at its disposal effective levers for contributing to the transformations in the country. Now that Kazakhstan has entered a decisive stage of its development, foreign policy should be regarded as a natural inseparable part of the process of state construction for it is an immutable truth that sovereignty is feeble and vulnerable without adequate diplomatic actions.

## KYRGYZSTAN

### Local Elections, Referendum Previewed

954F0158A Moscow NEZAVISIMAYA GAZETA  
in Russian 20 Oct 94 p 3

[Article by Yevgeniy Denisenko and Akyrbek Nuriyev: "What Will the People Say? Elections and a Referendum in the Republic Soon"]

[FBIS Translated Text] A matter of days remain in Kyrgyzstan until the elections to the local government authorities and the referendum on a revision of the constitution scheduled for the same day—22 October. It is a matter of weeks until the early elections to the new Supreme Council (Zhongorku Kenesh), which will replace the present one, which, on account of an acute internal crisis, was stripped of its functions six weeks ago. These three events will determine not only the tenor of political life in the republic in the remaining segment of the departing year but also, essentially, the further fortunes of Kyrgyzstan.

Two key proposals are to be supported or rejected by Kyrgyzstanis on referendum day: concerning the possibility of revisions and addenda to the constitution, laws of the republic, and other issues of state life being put to a referendum proper. And concerning the fact that the legislature will sit in a bicameral (not unicameral, as enshrined in the new constitution) Zhongorku Kenesh. The first chamber—the Legislative Assembly—is conceived of as being permanent, and its 35 deputies will be elected on the basis of representation of the entire population of the republic. Seventy members of the second chamber—the Assembly of People's Representatives—to be elected on the basis of the representation of territorial interests, are to work in sessions.

The justification of the opinions of those who maintained, President Askar Akayev affirms, that the adoption of the basic law by the Supreme Council, not a constitutional assembly (which was what happened in May 1993), would lead to this document being denuded of important democratic provisions is today obvious. The people were by the will of the members of parliament excluded from the ranks of subjects of the constitutional process, and a national referendum was not cited as being among the ways of revising the constitution. Now, however, it is proposed rectifying this miscalculation. As far as a bicameral parliament is concerned, Askar Akayev believes that it will transmit more fully the complex and varied aspirations of the people and ensure a balance of forces between the legislature and the executive by way of the mutual control of the chambers.

Not all, though, are convinced by the president's arguments. Some people believe that a Kyrgyzstan parliament created on the basis of a referendum will be contrary to the principle of the separation of powers and will, most likely, prove nonviable in the system of power. The misgivings of others are evoked specifically by Medetkan Sherimkulov, the chairman of parliament, himself. He is not sure that reality rejects the version of a unicameral Zhongorku Kenesh or that it is a bicameral parliament that is more acceptable to Kyrgyzstan and he is afraid that the second chamber of parliament, whose members will be deputies expressing primarily the interests of the regions, will become a locale of legalized nationalism. Nor has the president's position evoked unanimous support in respect to the possibility of persons combining public service with parliamentary activity. The president believes that the ban on pluralism that was in effect earlier should continue for the 35 deputies working on a permanent basis and for ministers and members of the government. But many Kyrgyzstanis, shocked by the scale of the corruption and political squabbles, are skeptical of the likelihood that with this rule all the state officials that are among the remaining 70 members of parliament will refrain from lobbying in the supreme legislative body for selfish interests and from cranking up new political intrigues. Which, of course, will depend on who enters the new Kenesh. The date of the elections to it will be scheduled on the basis of the referendum results in the event of a positive response to its questions on the part of a majority of the electorate. The qualitative composition will be determined in full by the results of the elections to the local government authorities, which are designed, it is proclaimed, to increase democratization and the decentralization of government, really separate power, and consolidate the positions of democracy. Whence, obviously, the bulk of the candidates for the Assembly of People's Representatives will be drawn, and it is on this main approach to the legislative Olympus, certain opposition leaders believe, that the present ruling elite will try to ensconce itself, having secured a majority in the corps of deputies of the local kenesh's and, subsequently, in

parliament also. Recognizing the importance of this, all social and political forces have begun a campaign of preparation for the elections to the Kenesh. Alas, the constricted timeframe (just a month has been allotted for the formation of an election commission, nomination, registration, and an election campaign for deputies) has predetermined a number of drawbacks. The multi-thousand-strong outfits of large industrial enterprises have largely been left on the sidelines, for example. Sent on indefinite leave owing to the stoppage of the works, their workers have been unable to nominate their representatives inasmuch as no less than 50 percent of the work force must be present at the meeting for this.

Future campaign activity remains hard to forecast also. In the opinion of Daniyar Narymbayev, head of the Expert-Legal Department of the Office of the President, the rumors concerning the public's political apathy are considerably exaggerated. He justifies this by the fact that similar skeptical assessments were heard in January 1994 also, when the number of those that took part in the referendum was ultimately 99 percent.

Nonetheless, the Kyrgyzstan of the start and end of 1994 are entirely different things. The problems of social and economic life, which have been unresolved for months and which come hardest for the bulk of the population, really could make certain adjustments to the anticipated forecasts.

## TURKMENISTAN

### Niyazov Leadership Style Criticized

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[Article by Mamed Suyunov: "Highly Esteemed Leader"]

[FBIS Translated Text] With his typical modesty the president of Turkmenistan, Saparmurat Niyazov, once proclaimed: "I, as head of state, have taken responsibility for the fate of my people." In the remarks offered here for the readers' attention I would like to describe certain details and consequences of this self-sacrificing act.

...Once a long time ago they began to build a new building in the Bayram-Aliyskaya Kidney Sanitorium. By the time of the collapse of the Union they had managed to construct three-and-a-half stories. After independence was acquired there were no more funds for construction. Then they took down half of the incomplete fifth story and were left with a good four-story building.

A person who had nothing to do with medicine was appointed director. Moreover, speaking on national television, he said that the number of clients in the sanatorium had increased recently because the sanatorium now bears the name of President Niyazov....

That, or approximately that, is also the situation in other spheres in the life of independent Turkmenistan, where the population is 4.5 million, where there are four-and-a-half branches of the national economy about whose achievements a good deal has been written, and where with the average earnings in June it was possible to buy one Slava alarm clock or five toothbrushes...and the wages were raised in July and that seemed to be all the prices were waiting for....

### 'They Like It!..'

"I do not see any reasons for prohibiting this attitude toward a state leader in order not to distract people from more important matters"—that is how Niyazov answered the question about his attitude toward his own "extreme esteem."

The ideals of political leaders for Niyazov are Peter I and Lenin. But he pictures himself more as an odd combination of Gorbachev and Kim Il-song with an adjustment, naturally, for the different scale of his personality.

Following the lead of the president's news service, the most widely used form of address for Niyazov has been: "Highly Esteemed Saparmurat Turkmenbashi," that is "Leader of the Turkmen." The title Leader of the Turkmen is used everywhere on everything. Portraits and sculptures fill the streets of the city and the interiors of the offices. The slogans on the highest and most noticeable buildings are: "To the Health of the President, the Leader of the Turkmen—the Well-Being of the Nation," "People, Homeland, Leader of the Turkmen."

Individual past masters compete in praising the highly esteemed leader—they publicly kiss his hand and get down on their knees. The leader already believes in his own great destiny. But the clear lack of correspondence between the campaign for praising national traditions and the modern psychology of the Turkmen has caused irreparable harm to Niyazov's reputation. He does not see this or, rather, he does not wish to see it. Like Brezhnev, he reacts with extreme pain to any remarks about this. It is with obvious satisfaction that he is photographed in his national general's (somewhat doll-like) uniform. He gracefully accepts all awards and bonuses that are introduced in the Republic (naturally, as No. 1). At the end of a concert devoted to his birthday the audience stood up and applauded the Highly Esteemed Leader and he, taking this at face value, stood up, moved, his eyes filled with tears of gratitude....

To the question of why he did not stop a flow of eulogies the Leader of the Turkmen answered in a Stalinist spirit: "What can I do if they like to do it?!"

After the legally incorrect January (1994) referendum which extended his presidency for another term ahead of schedule and without elections, the ratings of the Highly Esteemed Leader began to drop rapidly. There were supposed to have been presidential elections in two years

and Niyazov was afraid that the opposition would put up a candidate and rally around him.

The cancellation of the regular presidential elections did not serve Niyazov well. All social groups that previously supported him—the Muslim clergy, Turkmen peasants, workers, and the Russian-speaking population—became disenchanted with him. In the mass consciousness there arose the opinion that this leader has nothing to give the country or the people.

#### Funds from Work Saturday—Into the President's Personal Account

Incidentally, the excessive praise for Niyazov has sometimes been forced deliberately—with the precise goal of discrediting him. This is sometimes noticeable in official measures—Turkmens have a refined sense of irony, especially when it comes to people who have overstepped the mark, when it is impossible to name names but outside observers understand everything....

The birthday of the Highly Esteemed Leader is celebrated as a national holiday—a nonworking day. In honor of this joyous date each year, on the second Saturday of February, there is a nationwide work Saturday—an exact copy of the Leninist Communist work Saturday. Participation in it is also voluntary-mandatory. Money earned on that work Saturday is transferred...into the fund of the Leader of the Turkmens and it belongs to him as his personal property.

In compliance with the Constitution of Turkmenistan the president may not receive any income except for honorariums for works of "science, literature, and art." Niyazov violates this part of the Constitution as well—as a person who has become a landowner during the period of his presidency, as the owner of a network of supermarkets, and as the owner of the Niyazov Fund. This fund can receive state money and large voluntary "donations" from commercial structures that are trying to get into the good graces of the Highly Esteemed Leader (quotas, licenses, etc. and the like).

And soon the "grateful" people of Turkmenistan will give to him as his personal property a beautiful palace whose construction is being completed and next to which every day at 1700 the ministers (or at least their deputies) involved in the construction gather to discuss the problems that arise.

#### The Turkmen Idea of Chuchhe?

Following fascism, communism, and Muammar al-Qadhafi's "Third World Theory" the Leader of the Turkmens has developed one more. It is called "Turkmenistan's own path of development, which is unlike any other." The essence of this path is not laid out anywhere but it can easily be reconstructed from Niyazov's statements. It must be recognized that Niyazov's program is indeed unique and has no analogues in world history. Its content in general features consists of the following.

Society goes through the following formations in its development: the slave-owning structure, feudalism, capitalism, the postindustrial society. Socialism is a blind alley of social evolution. The construction of capitalism in a "normal" case proceeds on the basis of feudalism. So Turkmenistan's immediate objective is the construction of feudalism. Naturally, the primary element of a feudal society are the feudal lords.

Niyazov formulates the problem as follows: "We must create a class of property owners." This class will be formed out of a very narrow segment of the ruling elite—those closest to and especially devoted to the Highly Esteemed Leader. Niyazov fairly candidly lets it be understood that state bureaucrats are permitted to get rich by taking advantage of their positions. The desirability (normalcy) of this behavior is implied.

Therefore a bureaucrat in charge of making a decision about which firm to conclude a contract with receives his "honest" middleman commissions with a clear conscience. Special commercial structures are created for "making money" by taking advantage of one's position. The system of extortion and bribery becomes much more active.

It is impossible to register a firm, convert currency, obtain a license, exchange an apartment, and so forth "just like that." The permit for a wife to register with her husband is given personally by the president's deputy in the rayon (analogous to the chairman of the rayon executive committee). A grandchild can register with his grandmother only for a bribe of several hundred dollars. While previously the common "accepted" shortchanging of the buyer in vegetable stores was 10-15 percent, now it reaches 20-25 percent.

In March I was speaking with an instructor at one of the VUZ's [higher educational institutions] in Ashkhabad [Ashgabat]. He said that he has his own "personal" quota—for the appropriate bribe he can "accept" a certain number of students into the VUZ. Even in theory it is impossible to enter prestigious departments of VUZ's without a bribe and the payment of a certain amount "under the table"—absolutely all the positions there are given out ahead of time....

By the summer of 1994 the class of property owners had already been designated. They had accumulated sufficient funds, and therefore small-scale privatization Niyazov-style began in July—enterprises employing up to 100 people were placed on the auction block.

In order to follow "its own path" Turkmenistan created a corresponding constitution which, judging from everything, is also unique. "The highest representative organ of popular power" is the People's Council (Khalk Maslahaty) of Turkmenistan.

It includes: the president (he is the one in charge of the People's Council and the Cabinet of Ministers), the legislative assembly (Majlis), the leaders of the judicial

branch, the procurator general, members of the Cabinet of Ministers, the president's oblast deputies, leaders of local councils of rayon centers, and especially elected (about 50) "people's representatives." Such an exotic structure, naturally, undermines the principle proclaimed by this same constitution of separation of powers—as we see, all the powers are included in one organ which is led by the Highly Esteemed Leader.

This contradiction is not the only one in the Turkmen constitution. Thus, for example, on the one hand it "guarantees equal rights, regardless of nationality" and on the other—"the president must be a citizen of Turkmenistan who is a Turkmen" ....

#### A New Prayer for Believers

The organization of sociopolitical life is extremely similar to the state structure. The major role in it is played by the so-called National Revival Movement.

This movement is an exotic structure analogous to the People's Council. The management organ of the National Revival Movement (DNV) includes: its chairman Saparmurat Niyazov (he is also the chairman of the Democratic Party, the only one in the Republic), the leader of the trade unions, the leaders of all the social and religious organizations and creative unions, members of the Cabinet of Ministers, the president's oblast and rayon deputies, the chairman of the Supreme Court, the procurator general, and so forth.

Essentially this is a unique kind of super-party which is in charge of the social life in the country. Although this super-party (like the Democratic Party) is a decorative organization which plays no role in real political life nonetheless it is an apparatus for control and administration which can be used if necessary.

Here is an instructive example from social life which illustrates the methods of this management. A conference of religious figures of Turkmenistan held on 19 April 1994 adopted a decree which, in particular, approved the text of the "daily prayer of each believer," beginning with the words: "Oh, almighty Allah...grant success...to the Highly Esteemed President Saparmurat Turkmenbashi in all of his undertakings."

The subsequent text amounts to a prayer that in the event of political disloyalty a person will experience unpleasantness like: "his hand will be cut off," "his tongue will dry up," "his life will be ruined." Every day fragments of the prayer are broadcast on the three national television channels and the radio and they are published in the press. As is stated in the aforementioned decree: "So that these sacred words will be planted deeply in the mind and soul of each person from small to great, they must be repeated after every mealtime prayer...."

In the concluding part of the conference of religious figures of Turkmenistan it is written: "In the future to make sure that the precepts, advice, and teachings of the

clergy are aimed at instilling in people...a sincere love for...the beloved president...."

#### Firemen Become Judges and Judges Become Diplomats

Niyazov once admitted: "I cannot select all my advisers and deputies based on their personal sympathies." Frequently he places people he does not like in management positions, and nonprofessionals as well. The main thing is for the manager not to be a personality, not to wield authority among the people. The selection and placement of management personnel are carried out from the standpoint of stabilizing the personal power of the Highly Esteemed Leader.

Therefore, for example, the person appointed chairman of the Supreme Court was a fireman (by education and work experience), even though this violates existing legislation (only an individual with a legal education and judicial experience can occupy this position).

And the former chairman of the Supreme Court was appointed minister of foreign affairs. Before his appointment he had had nothing to do with diplomatic work. The professional economic activity of the chairman of the Central Bank before being promoted to this post was related to price control, particularly in trade. Turkmenistan's ambassadors to Russia and Turkey are former trade workers, and so forth.

If any ministers begin to make friends and meet in an informal setting, Niyazov tells them: "I know that you are meeting with so and so. Are you talking about how to get rid of me?!" Therefore the ministers and their deputies have a rule: "not to gather in groups of more than two." The alienation of the people from the powers that be has become stronger than it was even in the Soviet period.

Sometimes in a televised "dressing down" the Highly Esteemed Leader will point his chubby little finger at one bureaucrat or another: "I know you have built yourself a palace! Two palaces! Where did you get the bread? Look, I will take them away!" Of course he has not taken anything away from anyone, but he is saying this as a warning, so they will remember who is in charge in the Republic.

#### Bombing? Nothing Happened

Large Russian financial-industrial companies, or others, for that matter, are not allowed to fully function on the territory of Turkmenistan. Niyazov is afraid of the possibility of weakening of his control over the economic situation. The Leader of the Turkmens has "gotten away" as far as possible from Russia but he has not arrived anywhere. As a result, the Republic has ended up in a kind of geopolitical sack—Turkmenistan is surrounded on all sides by countries with which it maintains "no relations," which could end up to be bad ones at any moment.

Turkmenistan could have territorial disputes with absolutely all of its neighbors. Some of them are just waiting for the moment when they can initiate such a dispute. Incidentally, Afghan bombers have already dropped a couple of bombs on the territory of Turkmenistan not far from the city of Kerka. Regarding this incident Niyazov hastened to announce: "Nothing happened."

Iran is patiently waiting until several billion dollars are invested in the construction of a gas pipeline across its territory and then it will be able to feel that the baited hook has been swallowed and it will begin to clarify old relations....

There is a big question about Turkmenistan's defense capability. Only two items in army expenditures are being covered now: pay and food. Training, repair, prevention, updating of technical equipment, and so forth have not been dealt with for a long time. Funds are not even allotted for mothballing aircraft and other technical equipment: It is rotting and being dismantled, particularly the aircraft of the aviation division stationed near Geok-Tepe, which at one time were shipped in from Germany. Turkmenistan's entire air defense system is inactive.

Officer personnel are leaving the Republic ever more resolutely. Thus, for example, the Ak-Tepinskiy aviation regiment does not have a single working pilot and the Maryskiy has only one—the squadron commander. The level of training of the troops is declining catastrophically. The cool attitude of youth of the indigenous nationality toward service in the Turkmen army presents a difficult problem....

#### The Families Are Abroad

At this time there is no solid basis for the power of President Niyazov. He has no real party and he is not supported by any social segments or groups. One cannot say that he is supported by the personnel of the power structures. Therefore the existing regime is extremely unstable and is staying in power more because of social inertia than because of any real or effective government.

Niyazov is alone except for a couple of close friends. He does not even have a small group of supporters in Turkmenistan. In the Republic there are, naturally, groupings ("latent opposition") striving for power and they may manifest themselves very soon. So the situation in Turkmenistan cannot be considered steady, not to mention stable.

Contradictions and dissatisfaction could manifest themselves at any moment. Even the seal and banner of Turkmenistan bear a threat to stability, reflecting as they do the tribal contradictions which still play a very strong role. These attributes of statehood reflect the symbols of only five Turkmen tribes, while in reality there are many more tribes, whose representatives feel affronted.

Niyazov is feverishly changing ministers, placing in these posts weaker and weaker people both in human and professional terms, pushing back or, possibly, bringing closer the denouement. Signs of paralysis of power are manifesting themselves more and more clearly.

Mainly because of economic factors among the indigenous population the mood for "returning to the USSR" is becoming stronger. Views that Turkmenistan needs independence only so that the "elite" can get rich by robbing the republic's wealth with impunity are becoming extremely popular....

At a spring (1994) session of the legislative assembly which Niyazov attended one of the assembly deputies said that he considers the president to be a psychologically less than healthy person and that he has certain grounds for this opinion. The Leader of the Turkmen and the other deputies did not react at all..."nothing happened."

A typical detail: The families of the chairmen of the Council of Defense and Security (a post occupied by Niyazov himself) and his deputy live abroad permanently. This is obviously another indicator of social stability.

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